INVESTIGATION REPORT TO

THE MINISTER OF EDUCATION,

PROVINCE OF ONTARIO

REGARDING THE

TORONTO DISTRICT SCHOOL BOARD

AUGUST 19, 2002

EXECUTIVE SUMMARY

I was appointed under the Education Act of Ontario to investigate the financial affairs of the Toronto District School Board ("TDSB"), especially the financial reasons for their failure to submit a balanced budget for 2002-2003. I performed the investigation in association with members of my firm. We met with most of the TDSB's Trustees and many of the senior Staff, as well as officials at the Ministry of Education ("Ministry"). We reviewed written and oral submissions from the Trustees, and applicable TDSB documents including those submitted to the Ministry.

On July 31, 2002, TDSB's Trustees voted to not submit a budget to the Ministry of Education for the 2002-2003 school year. The Trustees thereby were in violation of the Education Act. As of July 31, 2002, the TDSB's estimates for 2002-2003 indicated a deficit of $89.5 million. But, when restructuring costs and other possible adjustments are incorporated, our estimate is that TDSB's deficit would exceed $140 million.

The TDSB is the largest School Board in Canada. The demographics of its student base are in many ways different from those of most other School Boards in Ontario. TDSB is responsible for about one-seventh of the Ontario-funded School Board population. On average, in the past four years, the taxpayers of Ontario have provided about $2 billion per year to the TDSB.

Data shows that the TDSB has received at least its proportionate share of Provincial education funding. The direct costs of the TDSB's additional programs for high-risk (urban) youths are extensively, or fully, funded by grants, at least to the extent that we could ascertain under our financial mandate.

We reviewed the Province-wide historical funding and expenditure statistics in an attempt to ascertain the validity of the Trustees' concerns. Many Trustees have complained extensively about the funding of the TDSB. Our mandate does not include a review of the Provincial educational funding formula. However, we delved into those Trustees' assertions that came within our terms of engagement. We do not agree with many of the Trustees' complaints, for the reasons specified in the body of our report.

The Trustees have stated that their principal focus should be upon the education of their Elementary and Secondary school students. It would logically follow from their comments that the Trustees should have been voting to spend a large portion of the available dollars on classroom activities. The financial data that we reviewed have some accounting inconsistencies. Nevertheless, we have serious concerns that a disproportionate share of available funding dollars have been, and are being, diverted away from the classrooms.

Since 1998, the Province has provided $912 million for the TDSB to transition itself over five years to the Province-wide education standards. Over three-quarters of the nearly $900 million that has been spent to date did not go to direct classroom activities.

Significant transitional resources were directed to central administration, school secretaries and supplies and school operations. A figure of three-quarters' usage on non-classroom expenditures requires careful examination.

The statistics on how annual budget money, other than the $912 million, was spent shows the same non-classroom spending orientation of the Trustees, but to a lesser degree. It is granted that the separation of classroom from non-classroom activities is subject to debate. For example, teacher curriculum preparation time appears to have been accounted for differently over the years within the TDSB, and is different among the School Boards. However, after allowing for these data deficiencies, it is still clear that TDSB has to re-examine how it spends available taxpayer money, and who are the beneficiaries. Improvements are being made, but the progress towards real savings is slow.

Various TDSB Trustees listed for us many concerns of theirs and their constituents. A large number of the Trustees' concerns have little or no relationship to how the Provincial government has defined "Education" at the Elementary and Secondary school level. To some Trustees, virtually every societal issue is thought to have education roots. However, the Province has funded education based on a clear definition of what constitutes Elementary and Secondary education. Trustee spending beyond the Province's education definition obviously will lead to a cash budget shortfall.

Trustees of School Boards have responsibilities to the students, teachers, various education system stakeholders and to the taxpayers of Ontario. Some TDSB Trustees do not agree that they have broad responsibilities, such as to Ontario's taxpayers. Where economies and efficiencies exist within TDSB, they ought to be pursued. Based on the evidence that we saw, the Trustees' voting patterns do not show a steady progression of trying to obtain efficiencies and to transition to the government's educational definition and funding program. Meetings of the Trustees too often seem to be dysfunctional and are not focused on improving the education of students.

To a large extent, the Trustees have chosen to maintain (and in some cases to expand) the former Toronto Board of Education's program delivery model. The TDSB has elected to operate a number of supplementary programs, unlike other Ontario School Boards. The Trustees, and at least some of the senior Staff, somehow continue to believe that permanent changes to existing delivery models are not necessary, because additional Provincial funding will be forthcoming.

TDSB has essentially exhausted $912 million that was provided to transition to the Province-wide standards. Yet, many of the necessary TDSB structural changes have not been made over the past four years, such as the phasing-out of non-funded activities. The existence of non-funded programs and the absence of transition dollars for 2002-2003, therefore became instrumental in the Trustees failing to prepare a balanced budget for 2002-2003. The Board now finds itself in a position of having to make an immediate transition that was expected to evolve over a five-year time frame.

In our opinion, both the Staff and the Trustees are responsible for the current budget deficit. Over the past four transition years, the Staff failed to identify and recommend the requisite dollars of budget efficiencies that would have enabled the TDSB to operate within its available resources. The Trustees, as a group, have demonstrated a clear reluctance to accept necessary structural changes, such as necessary school closures. Many Province-wide standards were partially or fully ignored by TDSB at the very same time that the Board was accepting and spending the transitional funding of over $900 million. In essence, the taxpayer-funded transition dollars were not used for their intended purpose.

Many of the TDSB's inefficiencies and discretionary programs are addressed in our budget recommendations. However, attaining the necessary cost savings for the 2002-2003 school year will be difficult and will exact significant consequences in program delivery. The impact of the recommended actions could have been mitigated, or perhaps avoided, had the Trustees introduced a gradual implementation over three or more years. Nevertheless, the 2002-2003 budget can be balanced.

Cost savings will occur gradually for several programs of the TDSB. A principal reason is that many TDSB employees are unionized, and have severance arrangements that will be very costly to the TDSB in the next few years.

Throughout our investigation, two matters repeatedly arose: the decision-making conduct of some Trustees, and the effects of previously-negotiated union contracts. Both affected what action could be taken at this date to effect otherwise achievable cost economies and efficiencies. As an example, we considered a proposal to replace a fraction of the School Board's in-house, unionized caretakers with external, non-unionized cleaners. The replacement of caretakers was not deemed to be feasible because of union restrictions against using non-unionized workers. The change to contract cleaners was expected to generate annual savings of $5.6 million. The Trustees have literally locked themselves into inflexible union contracts that prevent savings.

Twelve Trustees of the 22 voted to not submit a balanced budget for 2002-2003. Interestingly, the 12 together appear to represent constituencies with less than one-half of the TDSB's students. Nevertheless, the 12 constitute a majority of the Trustees and can vote to not implement what we believe are many reasonable cost efficiencies. A deficit will therefore result in 2002-2003, or is probable.

Consequently, given the repeated decisions of the Trustees to not provide a balanced budget for 2002-2003, we are not confident that cost savings will be approved. A deficit is contrary to the Education Act. Accordingly, we are recommending to the Minister that control and charge over the administration of the affairs of the TDSB should be vested in the Ministry, in accordance with Division D of Part IX of the Education Act.

In summary, in our opinion, the majority of the TDSB Trustees have simply ignored the Government's concept of having education equality across the Province. Nevertheless, these Trustees accepted a special grant of $912 million, which was intended for transitioning TDSB to the Province-wide education standards. However, the dollars were not spent for their intended purpose of restructuring the TDSB's programs, so as to obtain cost efficiencies. Equally important is that much of the transition money did not reach the classroom, for direct student benefits. Instead, the transition dollars and other budget money was spent on a variety of non-funded programs. Overall, TDSB's expenditures were often well in excess of what other School Boards were incurring per student.

TDSB's current financial crisis should have been easy to predict two or more years ago. Decisions could have been taken many months earlier to head off problems. Quite obviously, the transition and other budget money was not being used to restructure TDSB so as to make operations more efficient and effective. An assumption seemed to exist in TDSB that whatever dollars were spent would somehow be provided by the government. Inappropriate financial management therefore is the major reason for the deficit budget for 2002-2003.

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I. INTRODUCTION

I have been asked to perform an investigation into the finances of the Toronto District School Board ("TDSB", the "School Board" or the "Board") as a result of its failure to submit a budget to the Minister of Education. My appointment as an investigator is in accordance with Division D of Part IX of the Education Act. The professionals in my firm have assisted me with the investigation of the TDSB.

Our professional backgrounds are shown in **Appendix I**.

II. SCOPE

You have provided us with the following terms of reference in accordance with Part IX, Division D, of the Education Act.

Our terms of reference are:

> "For this purpose, the investigator shall:
>
> - assess the Board's current financial position including any accumulated deficit or reserves;
>
> - review the financial management and program decisions already taken by the Board that will influence its financial position in 2002-2003;

- review the recommendations of Board staff;
- assess whether the implementation of the recommendations of Board staff would result in a balanced budget for 2002-2003;
- assess the extent to which the Board has pursued areas for potential savings;
- identify other areas of potential savings; and
- provide recommendations for further action."

In preparing our report, we held discussions with the Board Staff (the "Staff" or "TDSB Staff") and the Board of Trustees (the "Trustees", or "Board of Trustees").

III. RECOMMENDATIONS

1. The TDSB is able to achieve a balanced budget for the 2002-2003 school year by immediately implementing a number of program and cost efficiency measures. Various choices are available to the Trustees to balance its budget. Our discussion of budget initiatives is provided in **Appendices D and E**.

2. According to various documentation, the Board of Trustees of TDSB do not function as a cohesive group, directed towards balancing the interests of students, parents, taxpayers and other constituents. Several Trustees demonstrated that they are not

familiar with governance or oversight responsibilities. Instead, they indicated a desire to assume management roles, and to deal with minor issues. A number of Trustees have expressed, and demonstrated, a reluctance to manage the TDSB to the Ontario-wide basis of education funding. In essence, many TDSB Trustees have refused to remove the excess spending from their Board's budget.

In our opinion, the majority of the Trustees of TDSB have not demonstrated a desire to introduce the necessary cost efficiencies for 2002-2003 that are consistent with the Province's definition of education, and the funding that flows therefrom. Accordingly, we are recommending to the Minister that control and charge over the administration of the affairs of TDSB should be vested in the Ministry, in accordance with Division D of Part IX of the Education Act.

3. Greater disruption is likely to occur in the Fall of 2002-2003 in making the indicated cost changes that would have occurred had they been gradually introduced over many years, during the funded transition period. Structural changes have to be made in the TDSB, such as eliminating non-funded programs that are <u>not</u> part of the government's definition of education. If the structural changes are not made, funding shortfalls will occur year after year. Government policy assumes the existence of a standard in education across the Province, and not a situation where some School Boards have unwarranted special privileges.

At our request, so as to aid the process, the TDSB Staff has prioritized the recommended budget cost initiatives in decreasing order of "acceptability". We do not necessarily agree with the Staff's prioritization. However, if additional resources (which are described later in our report) become available to the TDSB, the established ranking should prove useful in achieving the needed cost efficiencies.

4. A number of the budget proposals address rationalization of the TDSB's labour force. Such a process is expected to take a minimum of two months and possibly up to four months to result in benefits. Thus, in order to maximize cost savings for the 2002-2003 school year, implementation of the balanced-budget cost savings must be commenced as soon as possible.

5. Given the shortage of time before the commencement of the School year, a need exists to accelerate the realization of cost savings. Strict implementation timelines should be imposed in order to receive the greatest benefits for 2002-2003.

6. Every employee group that will be affected by cost saving recommendations is governed by a collective bargaining agreement. Any staff reductions that must be achieved under the collective bargaining agreements' restructuring provisions, rather than Provincial employment legislation severance provisions, will result in incurring downsizing costs. Such costs should be included in the 2002-2003 budget.

7. After taking into account anticipated outplacement costs for 2002-2003, the TDSB is expected to have $22 million remaining in its Restructuring-Severance reserve. Any funds in the severance reserve on August 30, 2003 must be returned to the Ministry. At the option of the Minister, the restrictions on the usage of the restructuring reserve can be suspended. We recommend that the TDSB's governance body use the available dollars to further rationalize its staff complement, to reflect Provincial standards.

8. The TDSB has largely maintained its traditional program delivery models. The Staff should be directed to identify and evaluate alternative program delivery models, and present such options to the governance body for consideration. Potential efficiency and effectiveness gains must be seriously evaluated, especially those that have been implemented by other School Boards.

9. The nature of governance roles and responsibilities in North America is changing as a result of recent corporate financial collapses. Broader responsibilities are expected from oversight bodies, including Trustees. In our opinion, our meeting with the Trustees provided clear evidence that a Trustee governance education system is needed to convey to these elected officials the breadth of issues that have to be considered for financial decision-making. We recommend that a specific education program be designed for Trustees, and that attendance be compulsory.

Further information is available in the Appendices, especially D and E.

IV. CONSIDERATIONS

Our focus was principally upon the 2002-2003 budget year. Our analysis brought forth the undernoted central concerns of the Trustees, the Staff and ourselves. Responses to these considerations are provided throughout the report and its appendices.

A. Why did the majority of Trustees refuse to accept any of the Staff-proposed compliance budgets? Why did the Trustees instead choose to not submit a balanced budget, as required by the Education Act?

B. What role did the Trustees and Staff individually have, if any, in contributing to the current financial situation of the TDSB? Were there specific Trustee philosophies and decision models that led to the 2002-2003 budget deficit?

C. Have the Trustees and Staff acted professionally and economically in managing an entity with over $2 billion in annual expenditures? Do the Trustees fully understand their duties to students, parents, taxpayers and all other stakeholders?

D. Did the Trustees make a serious attempt to examine all program delivery alternatives and potential cost efficiencies before refusing to submit a balanced budget to the Ministry?

E. Have cash resources been provided by the TDSB for inefficient programs and delivery systems? Have public funds been diverted to programs that are not critical to the purpose of delivering a core education to TDSB students?

F. What was the Trustees' and the Staff's rationale for allocating the majority of its transitional cash resources to non-classroom expenditures?

G. What additional programs must the TDSB offer because it is a predominantly urban School Board? Are such programs consistent with the role and purpose of a public School Board? Should the programs be funded by the government, and if not, who should be the logical provider?

V. SUMMARY OF FINDINGS

Based on our review of the TDSB's financial documents, we have noted the following:

1. The TDSB spent over three-quarters of its transitional funding on non-classroom expenditures. In addition, based on Ministry definitions, the TDSB spends considerably more in non-classroom areas than do other large Ontario School Boards. The Trustees' expenditure pattern is inconsistent with their claim that the School Board is "student focused". Areas of historical excess include Board administration, school operations (secretaries and supplies) and supplementary (non-mandated) programs.

2. The direct costs of programs designed for urban centres are fully funded by specific government grants. The TDSB educates approximately 13.7% of the Province's students and has received a greater percentage of the Province's allocations throughout the period of our analysis. Therefore, the TDSB is not "underfunded", insofar it receives more than its proportionate share of the Province's education resources. In our opinion, the Trustees have not adequately demonstrated that TDSB should be entitled to a disproportionate share of the Province's funding allocations.

3. The TDSB's overall program delivery model has been "enriched" because the leading programs of the predecessor School Boards were expanded rather than rationalized to the Ontario-wide standard. For example, the amalgamated Toronto School Boards increased the use of lunchroom supervisors. The Trustees' references to the current financial "needs" of the School Board are based upon an enriched delivery model. The TDSB Trustees have essentially rejected the Provincial standards for education delivery, and are insisting that the Province's taxpayers fund TDSB's more costly concept of education.

4. A comprehensive restructuring plan to phase into Provincial standards was never finalized and proposed by the Staff. Efficiency recommendations were made as necessary on a year-to-year basis, as cost savings were required to be in harmony with available funding. We note that in the early years after amalgamation, a significant proportion of the Staff's recommended budget reductions were directed at classroom expenditures.

5. Notwithstanding the Staff's failure to recommend substantive cost savings, we do not believe that many of the current Trustees would have adopted such proposals in any case. As a group, the Trustees indicated in 2001 that they would not accept any cost reduction proposals unless the government increased their funding.

6. The TDSB has had difficulty living within the financial budgets that have been approved by the Trustees. We have identified numerous examples of failures to realize targeted savings in particular areas. Such experience suggests that either the estimates were unrealistic or that the Staff and the Trustees encountered difficulties in managing expenditures.

7. The TDSB has been, and continues to be, out of phase with Provincial standards in the following areas:

   a)S chool facilities (closures)
   b) School Board administration
   c)S chool operations (secretaries and supplies)
   d) Continuing education

   The Staff have addressed a few aspects of each of the foregoing areas in their 2002-2003 compliance budget. However, more efficiencies are needed to reallocate funds for classroom purposes.

8. The Trustees have claimed that, as a large urban School Board, the TDSB requires more funding for its special needs. The validity of this claim is dependent upon progress in proving that:

   a)t he TDSB has sufficiently evaluated all reasonable alternative delivery models and has implemented the alternatives that would generate gains in efficiency and economy;

   b) the TDSB has prioritized all of its programs in terms of mission (classroom and support education) impact, and terminated all discretionary, non-funded and non-critical expenditures; and,

   c)th e TDSB has eliminated most non-classroom inefficiencies and excesses.

   Based upon our review of available data, we do not believe that the TDSB has satisfied the foregoing conditions at this time.

9. During the 2002-2003 budget process, a number of different estimates were prepared by Staff. The proposals that theoretically addressed the full $89.5 million deficit were compiled in May, 2002. (The deficit was subsequently increased to $93.5 million following a motion to reinstate 62 special education teachers.) However, our analysis determined that none of the Staff-proposed budgets actually would have generated the

specified savings. The Staff-proposed budgets for 2002-2003 were deficient in the following respects:

a) The Staff estimates failed to incorporate significant outplacement costs that would have to be incurred from matching education needs to employee levels. Given that virtually all of the School Board's operations are unionized, outplacement costs ought to have been an obvious, significant consideration.

b) A small number of the Staff's efficiency estimates were not fully documented or were materially revised following our inquiries.

c) Some budgets, including the June 26, 2002 proposal, anticipated additional funding (i.e., the ability to access the severance fund reserve to mitigate part of the deficit). Thus, sufficient efficiency initiatives to address the entire deficit had not been proposed.

d) The Staff's estimates and proposals failed to reflect potential wage increases for the coming year.

10. The TDSB's collective bargaining agreements contain provisions regarding restructuring and employee termination. The release of staff can be made prohibitively expensive if certain conditions are met and union-negotiated exit compensation packages are required. The expected cost savings from staff rationalization may be lost if employees exercise all

of their grievance rights. Overall, the TDSB's concessions to its labour unions have resulted in a significant loss of flexibility. The School Board is now committed to increased labour costs with much restricted ability to access potential efficiencies.

VI. BACKGROUND

We understand that the TDSB was formed in 1998 as a result of the amalgamation of seven (7) predecessor School Boards, including the Boards of Education for the following municipalities:

- Metropolitan Toronto
- Toronto
- North York
- Scarborough
- Etobicoke
- York
- East York

The Ministry of Education ("the Ministry") introduced a new funding formula for all School Boards in 1997. The premise of the new funding formula was to equalize education opportunity across the province, including funding implications, for all of Ontario's participant School Boards. The Ministry provided some School Boards with transitional funding over a period of years to align their expenditures with the available

funding provided under the new formula. TDSB received over $900 million as part of the transitioning process.

The predecessor Boards of the TDSB offered a broad range of programs, many of which were (are) not available at other public school systems in the Province. Examples of the TDSB's extra delivery models include the extensive use of educational assistants in the regular kindergarten program, the use of lunchroom supervisors, an enhanced elementary music curriculum, the operation of 84 swimming pools, the operation of 12 outdoor education centres, and others. This premium delivery model has been largely kept intact, even though the costs of the program enhancements are not recognized under Province-wide education standards and the new Provincial funding formula. The cost of the TDSB's supplementary programs have been financed by TDSB from its transitional funds, its reserves, and to a lesser extent, some cost efficiencies realized from various areas of TDSB's budget.

Based upon our analysis, the Board of Trustees approved most, if not all, of the Staff's proposed budget reductions prior to 2002-2003. However, the majority of the Staff's proposals were temporary in nature. From our discussions with the Staff, it is evident that permanent structural changes were avoided on the recurring belief that additional funding would be provided. In essence, the Staff and the Trustees believed that the Province had to eventually concede to increasing education resources. The TDSB is now in a position where its transitional funding has been exhausted, and it has yet to make the necessary structural changes that should have been completed over the past four years.

VII. CURRENT FINANCIAL ANALYSIS

We performed a comparison and analysis of the TDSB's finances commencing with the 1998-1999 school year. Our analysis specifically focused on the TDSB's historical expenditures and funding allocations from 1998-1999 to the proposed 2002-2003 budgets. Our financial analysis also investigated some specific expenditure categories that were of special interest and importance. Included therein were non-classroom expenditures, Board administration costs and inner city programs expenditures. We reviewed the TDSB's use of the transitional funds that were provided to them by the Ministry. We compared TDSB's financial performance to other large Ontario School Boards. **Appendix A** shows our overall detailed financial analysis and findings.

Based on our analysis in **Appendix A**, we have the following comments:

1. The TDSB was provided with significant resources ($912 million) to restructure and transition its delivery model and its operational infrastructure over a five-year period.

2. The majority (over 75%) of the TDSB's transitional funds were applied towards non-classroom expenditures. The TDSB's spending on non-classroom areas has been considerably higher than that of other large Ontario School Boards.

3. The TDSB has received, and continues to receive, a higher level of financial resources in relation to its share of the Province's students.

4. An analysis of specific expenditure categories, such as Board administration, school office and professionals/para-professionals indicate that the TDSB incurs significantly higher costs per pupil than the Provincial average. Similarly, compared to other large Ontario School Boards, the TDSB has the lowest pupil to staff ratios for virtually every category of staff that we examined. In short, the TDSB spends more resources, and has more resources, per pupil than the other large School Boards in the Province.

5. In a revealing analysis, we compared the TDSB's expenditures against the aggregate expenditures of the next three largest School Boards in Ontario (York, Peel and Toronto Catholic). The TDSB's expenditures exceeded those of our "composite comparable" even though Toronto is responsible for about 10% fewer students.

VIII. FINANCIAL MANAGEMENT

Our evaluation of the TDSB's financial management was focused on the budget process. We examined the Staff's recommendations for each year, and considered the nature and the extent of the proposals. We also reviewed the Minutes to budget meetings to understand the Trustees' decision processes and to identify which of the Staff's proposals

were accepted. Finally, we reviewed actual results to expected (budget) figures to determine whether the Staff's initiatives had been successfully implemented.

In our opinion, the Staff has not performed an adequate task of identifying and proposing budget efficiencies to the Trustees. Many of the Staff's recommendations involve the deferral of expenditures, rather than making permanent reductions. However, we also focused on the voting behaviour of the Trustees. It appears that the Trustees were unlikely to have approved any significant restructuring proposals, even if they had been advanced by the Staff.

Overall, the Staff and the Trustees seem to have held, and are still holding, a belief that substantial changes to the TDSB's cost structure were and are not necessary. Their belief was and is largely premised on the notion that the TDSB delivery model should not be changed. Further, the Staff and the Trustees believe that additional funding will inevitably be provided by the Province. In our view, substantial cost benefits should be achieved within TDSB before supportable requests for more funds can be made. The spending excesses that are evident throughout TDSB challenge the argument that the existing delivery model is efficient. In our opinion, the data shows that many savings can be obtained, to thereby yield greater money for classroom usage.

More information on our evaluation of the TDSB's budget process is provided in **Appendix B**.

We note that the 12 Trustees who voted against the "compliance" budget of June 29, 2002 represent, on aggregate, fewer students than the 10 Trustees who voted for the balanced estimates. Hence, we face an anomaly whereby the Trustees representing the areas of larger growth of students seem to believe that the TDSB budget can be balanced.

IX. STAFF RECOMMENDATIONS

A. "Compliance" Budget

A number of "compliance" budgets were prepared by the Staff for 2002-2003 during May and June of 2002. We have disregarded the estimates that were put forth in June because those proposals assumed that substantial Restructuring-Severance funds would be available to offset proposed non-severance operating deficits.

Three different sets of estimates were prepared in May 2002, each of which addressed $89.5 million of cost efficiencies:

1. May 17, 2002 – Full range of alternatives.

2. May 22, 2002 – Full range of alternatives with some modifications to the May 17, 2002 estimates.

3. May 29, 2002 – Prioritized and limited range of alternatives, but some efficiency initiatives were excluded or not quantified.

Our consideration of potential budget efficiencies was premised on the May 17, 2002 and May 22, 2002 estimates.

The Trustees failed to approve any budget, or budget reductions, for 2002-2003. Thus, we examined each of the efficiency initiatives that were raised by the Staff in the May 17, 2002 and May 22, 2002 estimates. The proposals were evaluated for their merits, limitations, feasibility of implementation and expected cost savings. We made inquiries with the Staff regarding the following:

1. Consequences of implementation, particularly on students and core program delivery.

2. Legal/contractual challenges.

3. Logistical considerations for implementation.

4. Implementation costs.

Our assessment of the Staff's proposed efficiencies, and our recommendations thereon, are set out in **Appendix D.** The estimated employee exit costs that are associated with our recommendations are detailed in **Appendix E.**

B. Severity of Impact and Prioritization

Our budget recommendations bear a wide range of consequences for the Staff and the students. Some of the recommendations will have nominal impact on students or classrooms. Others will directly affect core program delivery. The probable effects of certain proposals are necessarily significant due to the short timeframe in which action must be taken. Appropriate and less intrusive phase-in measures could have been put in place three or more years ago, if the Staff and Trustees had chosen to align the TDSB's operations with virtually all of the Province's other School Boards.

In the event that some severance funding can be obtained, or if the Staff can identify alternative sources of cost savings, not all of our proposals will be required. Accordingly, during our investigation we asked the Staff to prioritize the recommended budget actions in terms of severity of impact on the TDSB's system. The Staff's prioritization provides their subjective preference for which programs should be maintained. The recommendations at **Appendices D** and **E** are listed in descending order of implementation preference. That is, the items at the end of the list will result in the greatest negative impact on TDSB and its students, in the Staff's opinion. We do not necessarily agree with the Staff's ranking of priorities. For example, the closure of the outdoor education centres is last ("most valuable") on the Staff's listing. In our view, there are several other items that should be assigned as a less preferable option. (For example, in our view, classroom computers, youth counsellors or attendance workers and staff development would seem to be more important than the outdoor education centre.)

The outdoor education centre is not specifically funded by the government, and any funds directed to it have to be taken from other spending, such as from the classrooms.

Should any financial flexibility exist for September 2002, recommendations may be selectively implemented in order to avoid what the Staff deems to be the less desirable consequences. That is, implementation of reductions to the higher priority items might be deferred.

C. Wage Increases

We understand that all of the TDSB's collective bargaining agreements are due for re-negotiation or re-examination of wages/benefits. The Staff has indicated that each bargaining unit is likely to demand improvements in wages, benefits or other accommodations. We have been advised that each 1% increase in wages and benefits will result in an additional $16 to 17 million of payroll costs. The Staff's proposed budgets do not include any amounts for wage increases in 2002-2003. The School Board intends to maintain a negotiation position of being financially incapable of providing wage or benefit increases. Strike action may be inevitable.

X. ADDITIONAL RECOMMENDATIONS

As our investigation of Staff's proposals progressed, it became evident that the May 17, 2002 efficiency proposals would not generate the required cost savings. The following deficiencies compromised the Staff's estimates:

1) The Staff's list of savings did not take into account employee outplacement costs. We understand that a simplifying assumption was used that outplacement costs would be funded by the restructuring-severance reserves, and any additional amounts would somehow be "financed" over a number of years.

2) Most of the Staff's proposals require an implementation period, which will delay the realization of savings.

3) A number of the Staff's estimates of savings were not adequately supported by quantitative analysis. Projected savings had to be revised, downward. In most cases, our inquiries of specific proposals were directed at the individuals who prepared the original cost estimates. In conducting our inquiries with the Staff, we encountered one or more of the following:

    a) the individual could not explain, or "prove", the original estimate figure.

b) the explanation that was offered was materially different in composition or quantum from the original estimate.

c) the individual recanted earlier assumptions and/or declined to defend the original estimates.

We recognize that the outplacement costs would not have been as great in May 2002 as they are now. For example, in May 2002, certain staff rationalization measures could have been achieved through retirement and attrition, as opposed to severance. Those opportunities are no longer available as staffing has been completed for the start of school in September 2002. Hence, the hiring of employees prior to July 2002 has effectively locked-out savings for 2002-2003.

As a result of the lost efficiency opportunities and the increased implementation (employee outplacement) costs, additional savings of $20.2 million had to be identified in order to attain a balanced budget. The unexpected shortfall was largely due to one-time costs or delayed savings. Thus, we undertook to identify temporary cost reductions that could be reinstated in 2003-2004.

Due to the pervasive influence of the School Board's collective bargaining agreements, virtually all options relating to staff were uneconomical because of employment exit costs. Thus, we focused our efforts on rationalizing non-staff costs that could be implemented in a short time frame. Since the vast majority of the School Board's costs

relate to staff, the efficiency opportunities that were available to us were extremely limited. By necessity, some of the additional savings will have direct impacts on students and classrooms.

Based upon our review of all of the TDSB's budget areas, we identified an additional $20.2 million of efficiencies that could be implemented in order to achieve a balanced budget for 2002-2003. Our additional savings are outlined in **Appendix E.**

XI. COLLECTIVE BARGAINING AGREEMENTS

With the exception of management, all of the employee groups at the TDSB are governed by Collective Bargaining Agreements. The provisions that have been negotiated over the years have resulted in powerful and restrictive collective agreements. As a result of concessions made by the School Board to its labour unions, the ability to restructure operations has been restricted. In some cases, restructuring has been rendered very difficult due to employee exit costs. Examples of collective agreement restrictions that impede the School Board's ability to attain efficiencies include, but are not limited to, the following:

1) Reducing teacher responsibilities in providing supervision outside of the classroom (e.g., virtual refusal to perform lunchroom supervision or hallway monitoring).

2) Prohibiting the use of volunteers, contract workers or other replacement staff for "union" positions.

3) Extensive grievance procedures that consume Staff resources and delay cost savings.

4) Generous compensation packages (up to 18 months of salary, plus applicable retirement gratuities of up to six months) for certain voluntary employee departures.

We recognize that many, if not all, of the concessions were made to avoid, or to end, strike actions in prior years. However, the cumulative effect of the compromises hinders the TDSB's ability to achieve efficiencies.

The restrictions in the TDSB's collective bargaining agreements have disqualified at least one potential efficiency initiative. In the course of our investigations, we considered a Staff proposal to replace 300 in-house caretakers with external contract cleaners. A unionized caretaker earns approximately $21 per hour, while a non-unionized cleaner would cost $12 per hour. The efficiency proposal was rejected because the TDSB is contractually prohibited from displacing unionized employees with non-union workers. The ability to employ contract cleaners would have generated $5.6 million in annual savings.

There is considerable uncertainty as to how some proposed restructuring initiatives can be implemented. The less costly alternative is to lay-off employees and to provide severance compensation according to Provincial employment legislation standards. However, the School Board may not have discretion over the method of outplacement for all of its employees. Certain of the TDSB's collective agreements contain restrictive provisions on employee terminations. For example, members of CUPE Local 4400, Unit C may be entitled to receive Early Leaving Plans ("ELP") or Work Reduction Plans ("WRP"). WRP, and particularly ELP, would result in materially higher exit costs. Depending on the individual circumstances, an exiting "Unit C" employee may be entitled to as little as six (6) months of severance (lay-off) compensation, or as much as 18 months under an ELP. We have been advised that any "Unit C" staff reductions during the School Board's "restructuring period", pursuant to amalgamation, must be achieved via an ELP or WRP. The Staff intends to achieve all cost efficiencies using the least expensive mode of implementation. However, the following challenges may occur:

1. Outplaced staff will seek to maximize their exit compensation by challenging the School Board's ability to sever employees rather than provide ELP/WRP.

2. We understand that the TDSB has historically offered very generous ELP/WRP. This has set expectations, and perhaps "precedents", that may require the TDSB to maintain its high level of exit compensation.

3. The grievance and dispute resolution process to resolve the foregoing could extend beyond one year. If so, the TDSB's ability to realize savings for 2002-2003 would be lost.

ELP/WRP must be offered to the most senior employees within a given group. Thus, aside from the cost considerations, ELP/WRP could be undesirable because they result in a significant loss of experience for the organization as a whole. Under a severance process, the Staff can be selective in the employees that are exited, thereby ensuring some preservation of organizational knowledge.

Further commentary on the staff exit process is in **Appendix G.**

XII. RESTRUCTURING – SEVERANCE RESERVE

Further to the amalgamation process, the TDSB received $73.1 million in transitional funds that were specifically designated for staff restructuring or severance purposes. The remaining balance in the severance fund reserve at August 30, 2002 is expected to be about $48 million. We have estimated that approximately $28 million of the severance reserve will be required to effect the recommended budget efficiencies. Thus, an unused balance of about $20 million is anticipated for 2002-2003.

A consequence of the TDSB's failure to gradually restructure its delivery model is that it must now implement significant change immediately. The execution of a wide-scale efficiency plan for September 2002 will result in substantial staff exit costs. TDSB's transitional funds

have been exhausted because Trustees maintained supplementary programs that are not consistent with the Provincial education model. Thus, the TDSB finds itself in a position of having to fund substantial outplacement costs at a time when it is already facing a large deficit.

The budgets that were prepared by the Staff in June 2002 inappropriately contemplated applying the remaining reserve funds against general operating costs. The unused severance funds can be used in a number of ways to mitigate the consequences of staff reduction efficiency measures. But, other reductions in costs must also be made.

XIII. MONITORING AND COMPLIANCE

Staff believe that it will be difficult to persuade all members of the TDSB to accept the restructuring and efficiency initiatives. For example, teaching staff may be inclined to utilize their maximum entitlement to sick days, thereby negating the expected savings from reduced occasional teacher usage. Nevertheless, immediate compliance is crucial to realize the required savings and maintain classroom education. We recommend that a pre-defined timeline be set by the Ministry to evaluate the TDSB's efforts in attaining the required savings. The progress schedule should include deadlines for identifying and issuing employee reduction notices, measurement of expected versus actual expenditures (perhaps on a monthly basis) and other objective benchmarks. Spending excesses must be controlled or eliminated so that funds can be directed to classrooms.

XIV. SUMMARY

Despite the significant financial resources that were made available, the TDSB failed to make the necessary structural changes to comply with the Provincial education delivery model. The Staff and the Trustees chose to maintain a level of programs that was well beyond the Province's standard. The Trustees assumed that the Province's taxpayers would eventually provide additional funding. Even in the face of a financial deficit, the Trustees refused to make necessary changes, seemingly in the hopes that grant increases would be forthcoming. In our view, the Staff and the Trustees have demonstrated a lack of financial responsibility in their management of the TDSB.

A balanced budget for 2002-2003 can be implemented. But, due to the delays by the Trustees, considerable financial and classroom consequences should be expected. Such an outcome could have been avoided had the Trustees and the Staff used the transition funds for their intended purpose of aligning the TDSB with the rest of the Province.

The TDSB may require some financial accommodations in order to implement the recommended efficiencies at this late date. However, in our opinion, any additional funding should be extended with strict limits on usage and with pre-determined repayment terms. Sources of funding include temporary special loans by the Ministry, re-characterization of the TDSB's remaining Restructuring-Severance funds, or allowing the TDSB to fund its 2002-2003 deficit over several years.

XV. LIMITATIONS

Our mandate did not include a review of the provincial education funding formula. We also did not conduct a forensic audit of TDSB's books and records. Our focus was primarily upon financial governance and related matters over the transition period since 1998-1999 to the proposed budget for 2002-2003.

XVI. ACKNOWLEDGEMENTS

We would like to thank the TDSB Staff, the TDSB Board of Trustees and the Staff at the Ministry of Education for providing useful input and explanations during our investigative process.

Respectfully submitted,

ROSEN & ASSOCIATES LIMITED

L.S. Rosen

APPENDIX A

FINANCIAL ANALYSIS

A Introduction

This Appendix summarizes our analysis of the TDSB's historical financial results. The objective of our review was to obtain an understanding of the TDSB's stewardship of its financial resources since amalgamation and to compare TDSB's figures with those of other large Ontario School Boards.

Our review was premised mainly upon the financial statements that were submitted by the TDSB to the Ministry of Education from 1998-1999 to 2001-2002[1]. Questions that arose in the course of our analytical procedures were directed to the Staff, who provided explanations and corroborative information, where appropriate.

In 2001, TDSB represented about 13.7% of the Ontario elementary, secondary, and adult-secondary student population. Gross expenditures of TDSB were in the range of 14 ½% to 15% of the 2001 total for Ontario. Net expenditures (after deducting various fee revenues) of TDSB were about 14% of Ontario's total education expenditures in 2001. Thus, TDSB is not as dominant in Ontario as some people suggested to us.

B Summary of Findings

Based upon our analyses, we have formed the following observations:

1. The TDSB has allocated considerable dollars to non-classroom resources. Comparisons to other large Ontario School Boards indicates that the TDSB has

[1] We relied upon final financial results for the 1998-1999 to 2000-2001 years, and the revised estimates for 2001-2002.

significantly more staff (on a per student basis) in areas such as library and guidance counselors, professionals and para-professionals and board administration. Consistent with our analysis of staffing data, our expenditure analysis shows that the TDSB exceeds Provincial averages in administrative and operational areas.

2. In contrast, the TDSB's proportion of expenditures in the classroom to overall operating expenditures has been well below that of other large Ontario School Boards. The percentage of TDSB's expenditures that are directed at classrooms has increased in recent years, but remains the lowest in our comparison group.

3. Due to its extensive historical support infrastructure, the Trustees of TDSB applied over three-quarters of its Provincial transitional funding of $912 million to non-classroom expenditures. Approximately 52% of the School Board's transitional funds were used for administrative or operational purposes such as school secretaries and supplies, central administration and school operations. A main purpose of the transitional funding was to adjust the TDSB's operations to the across-the-Province standards.

4. The funding that was provided to the TDSB in the first few years after amalgamation exceeded its expenditures in those years. The excess payments were allocated to TDSB's reserves and then spent or allocated to later years.

5. Since amalgamation, the TDSB has implemented some cost efficiencies. However, the efficiencies that have been achieved have not been sufficient to bring the TDSB's operations in line within its budgetary abilities.

6. In some areas, the TDSB has increased its spending since amalgamation. For example, aggregate annual expenditures for classroom teachers, staff development and school office/supplies have increased significantly since 1998-1999.

7. The inefficiencies in the Continuing Education programs appear to be in credit granting and other "mandated" programs, and have been caused by non-optimal delivery models. (e.g., holding classes during non-standard hours, thereby incurring additional facilities costs, and delivering adult Secondary education at dedicated sites).

8. The TDSB has historically employed considerably more staffing resources than other large Ontario School Boards. For example, the TDSB has had more teacher consultants, librarians and guidance counsellors and professionals and para-professionals, on a per pupil basis, than any other School Board in our comparison.

9. The TDSB has received special funding in recognition of its needs as an urban School Board (such as the Learning Opportunity Grant and increased Languages allocations). The TDSB appears to receive full funding for the direct cost of specific additional programs that are offered for high-risk students. However, the indirect and incidental costs of servicing high-risk, urban students are not specifically funded by the Province.

C Transitional Funds

To facilitate the amalgamation and education reform process, the Province provided transitional funds to the TDSB. The usage of the transitional funds was largely left to the discretion of School Board Trustees (with the exception of the restricted purpose "restructuring" funds, which had to be used for specific expenditures). However, the overall purpose of the money was to gradually phase in programs to the Province-wide standards. The transitional payments maintained pre-amalgamation levels of funding for

various School Boards on an interim, and progressively diminishing, basis. Using the transitional funds, School Boards ought to have gradually phased out non-mandated programs and services over a period of time, rather than now having to face a sudden, abrupt withdrawal. The TDSB has received in excess of $912 Million in transitional funding from the Province since 1998. The receipts of these funds are shown in Table 1:

Table 1 - Transitional and Mitigation Funds Provided to TDSB

	1998 -1999	1999-2000	2000-2001	2001-2002	Total
Non-General Legislative Grant					
Restructuring - Severance and Technology	$ 95,500,000				$ 95,500,000
					-
General Legislative Grant					
Retirement Gratuities					-
Phase In Adjustment	300,619,256	200,591,205			501,210,461
Stable Funding Guarantee		65,700,000			65,700,000
					-
Prepaid Mitigation		248,600,000			248,600,000
	$ 396,119,256	$ 514,891,205	$ -	$ -	$ 911,010,461
		Unidentified Receipts			1,089,539
		Total			**$ 912,100,000**

We understand that the TDSB was granted a five-year implementation transition period by the Province. However, the School Board opted to expedite the receipt of transitional funds and therefore requested the early receipt of transitional cash in 1999-2000. The early "buy-out" payment is reflected as "Prepaid Mitigation" in Table 1. Without the accelerated mitigation payment, the TDSB would have received its funds over the planned five-year transition period.

Included in the $95.5 million "Restructuring" funds is $73.6 million specifically designated for "staff restructuring" (severance) costs. As of August 31, 2001, approximately $53.7 million of the restructuring severance funds had not been spent. The Staff anticipates an unspent balance of $49 million in severance reserves at the conclusion of the 2001-2002 fiscal year.

The usage of the transitional funds by the TDSB is not easily identifiable for all years that we reviewed. Transitional fund expenditures were separately tracked in 1998-1999 and 1999-2000. However, the application of mitigation payments in more recent years were not separately tracked or reported by the TDSB. Transitional fund usage in 2000-2001 and 2001-2002 was reported together with the expenditure of TDSB's reserves. The Staff has advised us that the transitional funds and the Board's own reserves cannot be separated for analysis. Thus, our summary of the TDSB's transitional fund usage includes non-transitional fund reserves of approximately $27.9 million.

Table 2 – TDSB's Usage of Transitional Funds

	1998-1999	1999-2000	2000-2001	2001-2002 Estimate	2002-2003 Budget
Classroom Instruction					
Teachers	$ -	$ -	$ -	$ -	715,583
Supply Teachers	8,322,692	10,753,090	6,348,703	5,475,194	(19,805)
Teacher Assistants		5,862,922		1,575,973	5,351,758
Textbooks and Supplies		2,070,316	4,975,350	6,158,171	(1,922,045)
Computers	19,617,827	8,851,438	11,116,751	7,350,497	1,893,641
Professionals and Para-professionals	18,996,530	22,752,590	5,868,867	11,842,365	4,248,178
Library and Guidance	5,932,937		5,788,844	3,884,606	(1,230,536)
Staff Development		2,517,883		5,842,638	27,769
	$ 52,869,986	$ 52,808,239	$ 34,098,515	$ 42,129,444	$ 9,064,543
Non-Classroom					
Preparation Time	$ 28,298,335	$ 46,219,463		$ 140,586	631,946
Principals & Vice-principals	10,639,458	3,543,933	7,105,356	4,295,570	2,266,459
Department Heads		4,580,141	4,459,926	4,015,415	2,098,806
School Secretaries and Supplies	27,027,741	31,598,781	27,311,030	26,648,534	12,796,946
Teacher Consultants	10,000,337	8,291,042	2,780,386	4,165,352	797,656
School Operations	89,178,682	23,125,532	13,153,615	5,167,388	(1,322,104)
Continuing Education	12,194,627	21,784,933	18,113,544	5,165,562	4,674,764
Transportation		-			(3,143,412)
Central Administration	71,564,636	74,339,754	38,000,659	19,237,824	-
	$ 248,903,816	$ 213,483,579	$ 110,924,516	$ 68,836,231	$ 18,801,062
Total Operating	**$ 301,773,802**	**$ 266,291,818**	**$ 145,023,031**	**$ 110,965,675**	**27,865,605**
		Total (1998 to 2002)			**$ 851,919,931**

The following observations can be made from Table 2:

1. The vast majority (over 75%) of the TDSB's transitional funds were (or will be) directed to non-classroom expenditures. Accordingly, the assertions of Trustees that their prime concern is for a child's classroom education is not reflected in how Trustees as a group chose to spend the available cash. Obviously, some non-classroom expenditures are needed for transition of the amalgamated School Boards. But, a figure of 75% merits investigation.

2. Administrative expenditures such as school secretaries and supplies, school operations and, particularly, central administration costs benefited significantly from the transitional payments. These three categories comprise 52% of the TDSB's total transitional funding allocations for operating purposes. Given such a cost build-up, funding problems were inevitable once the transition money had been expended.

3. The principal beneficiary of transitional funding within the Classroom expenditure category was Professional and Para-professionals, who received 33% of all transitional funds directed to Classroom expenditures. Professional and Para-professionals include many of TDSB's non-mandated (not specifically funded) staff such as Lunchroom Supervisors, Attendance Counsellors and Youth Counsellors.

4. The year-by-year pattern, if any, of transitional funding usage is neither clear nor easily discernable. Allocations of dollars have fluctuated (disproportionately) from year to year.

Based upon our discussions with the TDSB Staff, we understand that the transitional funds were allocated on a year-by-year basis, as any funding needs were identified. In effect, a coherent and conscientious plan to use the transition funds to support programs or services that would be phased-out did not exist. The Board of Trustees set

expenditures according to desired program and service models and used the transitional funds to finance programs without regard for long-term fiscal realities. (i.e., the need to rationalize non-mandated programs that would not receive funding in future years.)

D Actual Expenditures

In the course of our financial review, we encountered certain anomalies and fluctuations in the TDSB's financial accounts, particularly in 1998-1999 and 1999-2000. We were advised by the Staff that any temporal trend analyses involving the 1998-1999 and 1999-2000 years should be performed with caution. The 1998-1999 year was the first after amalgamation; the accounting systems of the predecessor School Boards had not been consolidated at that time. The 1999-2000 year was the first that the various accounting systems were combined. We understand that there were difficulties and uncertainties in the mapping of predecessor accounting systems onto the new information system. Adjustments and re-definitions were made in subsequent years. Hence, there are some variations in the data, and these must be considered in any trend analysis.

Table 3 provides a summary of the TDSB's gross expenditures from 1998-1999 to 2001-2002:

Table 3 – Gross Operating Expenditures

	1998-1999	1999-2000	2000-2001	2001-2002 Estimates
Classroom Instruction				
Teachers	$ 863,683,056	$ 836,355,189	$ 915,530,499	$ 934,219,287
Supply Teachers	39,168,971	37,245,707	35,780,566	36,298,740
Teacher Assistants	55,018,115	65,792,786	63,574,042	71,449,200
Textbooks and Supplies	59,559,671	64,279,546	68,306,863	67,820,000
Computers	36,340,196	27,992,675	27,649,982	23,215,000
Professionals	73,079,970	66,460,254	66,320,595	62,993,550
Library and Guidance	52,599,832	41,928,739	53,434,293	51,577,416
Staff Development	4,131,162	6,578,522	3,953,586	11,322,000
	$ 1,183,580,973	$ 1,146,633,418	$ 1,234,550,426	$ 1,258,895,193
Non-Classroom				
Preparation Time	$ 155,819,405	$ 161,276,441	$ 116,869,875	$ 119,017,595
Principals & Vice-principals	93,410,401	87,811,822	95,173,851	93,813,310
Department Heads	7,695,848	7,768,619	7,773,968	7,240,600
School Office	68,204,503	75,846,104	66,800,159	76,352,600
Teacher Consultants	30,240,512	30,406,237	25,656,652	24,482,700
Board Administration	138,367,291	145,797,602	108,163,456	84,702,725
School Operations	255,281,633	257,027,519	245,068,507	243,457,345
Continuing Education	81,137,690	84,222,674	82,090,627	42,840,800
Transportation	33,019,937	29,396,791	32,910,201	30,410,265
	$ 863,177,220	$ 879,553,809	$ 780,507,296	$ 722,317,940
Total Operating Expenditures	**$ 2,046,758,193**	**$ 2,026,187,227**	**$ 2,015,057,722**	**$ 1,981,213,133**

Table 3 provides the following insights:

1. The TDSB expends a considerable portion (approximately 36%) of its budget on non-classroom expenditures. (The proportion of non-classroom expenditures is actually higher than 36% in 1998-1999 and 1999-2000. However, we believe that the difference was caused by mis-allocated "preparation time" costs.)

2. The inconsistency in TDSB's accounting policies results in material impacts on its financial statements. For example, preparation time allocations were much higher in the first two years after amalgamation. We have been advised by the

Staff that the change in reported preparation time costs was caused by a refinement of the cost allocation policy for teacher salaries.

3. As opposed to seeking cost efficiencies, the TDSB has actually increased expenditures in several categories since 1998-1999:

    a) Classroom Teachers
    b) Teacher Assistants
    c) Textbooks and Supplies
    d) Staff Development
    e) School Office

4. Classroom expenditures were reduced in 1999-2000, but were increased in the following year and have since assumed an upward trend. Since 1998, classroom expenditures have increased 6.4% while enrolment has increased only 1.4%. We believe that the increases are primarily attributable to the re-classification of preparation time costs, and the negotiated wage increases for teachers from 2000-2001 forward. (The reclassification of preparation time could explain approximately 3% of the overall net 6.4% increase in classroom expenditures.)

5. In contrast, non-classroom expenditures increased in 1999-2000, but have subsequently decreased in more recent years. The decline in non-classroom expenditures has been consistent with the phase-out of TDSB's transitional funds.

6. On a nominal dollar basis, the TDSB's gross operating expenditures in 2001-2002 were $65.5 million lower than in 1998-1999. However, the realized efficiencies remain short of the required savings to put the TDSB in step with its budgetary abilities.

7. The revised estimate of gross Continuing Education expenditures of $42.8 million in 2002-2003 is an understated balance. The Staff has advised that estimates and

revised estimates for Continuing Education do not include gross expenditures for programs that are funded by outside agencies. (i.e., programs that are operated on a cost recovery basis for external agencies such as Human Resource Development Canada.) The final financial statements of the TDSB will report the total gross expenditures of all Continuing Education programs, including those that are funded by outside agencies.

A supplementary analysis was performed to exclude the effect of transitional funding-supported expenditures from the TDSB's overall expenditures. We reduced the TDSB's gross operating expenditures of 1998-1999 to 2001-2002 by the amount of transitional funding that was received and applied in each year. Based upon the figures in Table 4, it can be seen that the TDSB actually increased its spending over the period in question. The conclusion follows that the trend in falling (unadjusted) expenditures, as seen in Table 3, must have been caused in part by the gradual reduction of TDSB's transitional funds.

Table 4 – Gross Operating Expenditures (Excluding Transitional Fund Amounts)

Classroom Instruction	1998	1999	2000	2001 Estimates
Teachers	863,683,056	836,355,189	915,530,499	934,219,287
Supply Teachers	30,846,279	26,492,617	29,431,863	30,823,546
Teacher Assistants	55,018,115	59,929,864	63,574,042	69,873,227
Textbooks and Supplies	59,559,671	62,209,230	63,331,513	61,661,829
Computers	16,722,369	19,141,237	16,533,231	15,864,503
Professionals	54,083,440	43,707,664	60,451,728	51,151,185
Library and Guidance	46,666,895	41,928,739	47,645,449	47,692,810
Staff Development	4,131,162	4,060,639	3,953,586	5,479,362
	1,130,710,987	1,093,825,179	1,200,451,911	1,216,765,749
Non-Classroom				
Preparation Time	127,521,070	115,056,978	116,869,875	118,877,009
Principals & Vice-principals	82,770,943	84,267,889	88,068,495	89,517,740
Department Heads	7,695,848	3,188,478	3,314,042	3,225,185
School Office	41,176,762	44,247,323	39,489,129	49,704,066
Teacher Consultants	20,240,175	22,115,195	22,876,266	20,317,348
Board Administration	66,802,655	71,457,848	70,162,797	65,464,901
School Operations	166,102,951	233,901,987	231,914,892	238,289,957
Continuing Education	63,943,063	62,437,741	63,977,083	37,675,238
Transportation	33,019,937	29,396,791	32,910,201	30,410,265
	614,273,404	666,070,230	669,582,780	653,481,709
Total Operating Expenditures	**1,744,984,391**	**1,759,895,409**	**1,870,034,691**	**1,870,247,458**

We note from Table 4 that Teacher Assistants' expenditures have increased significantly since 1998-1999. This is consistent with the current TDSB delivery model that favours the broad use of Educational Assistants. The depressed School Operations expenditures in 1998-1999 reflect the fact that $89 million in transitional funds were allocated to this account in that year. The decrease in Continuing Education expenditures in 2001-2002 is a reporting anomaly. As previously discussed, the TDSB does not report the full costs of its Continuing Education expenditures in its estimates and revised estimates.

We performed a further analysis to assess whether the TDSB's expenditures have been proportionate to its share of the Provinces students. Table 5 computes the proportion of the Province's students that are educated by the TDSB and compares that percentage to the TDSB's expenditures as a proportion of the Province's aggregate expenditures.

Table 5 – TDSB's Enrolment and Expenditures as Percentages of Provincial Totals

Enrolment (ADE)				
	1998	**1999**	**2000**	**2001 Estimate**
TDSB	270,181	270,040	272,134	273,912
Province of Ontario	1,964,881	1,974,251	1,989,568	2,001,225
TDSB as % of Province	13.8%	13.7%	13.7%	13.7%
Total Net Expenditures				
	1998	**1999**	**2000**	**2001 Estimate**
TDSB	1,964,618,150	1,950,899,846	1,799,667,960	1,835,010,458
Province of Ontario	12,196,551,945	12,309,734,854	12,615,021,498	12,898,503,716
TDSB as % of Province	16.1%	15.8%	14.3%	14.2%

Table 5 indicates that the TDSB has incurred disproportionate expenditures in educating its share of the Province's students. We note that the TDSB will continue to receive a disproportionate amount of funding from the Province. The Ministry has indicated that the TDSB is expected to receive $1.98 million of the $14.19 million (or 14%) of projected 2002-2003 Provincial funding allocations.

E Budget/Funding Allocations vs. Expenditures

Contrary to our expectations, our examination of the TDSB's funding allocations and expenditures indicate that the School Board received excess funding during the first few years after amalgamation. The TDSB's allocations of each year should have equaled its expenditures. However, Table 6 indicates that the TDSB was able to put aside some funds for future years due to surpluses in 1998-1999 through to 2000-2001.

Table 6 – Allocations versus Net Expenditures

	1998-1999		1999-2000		2000-2001		2001-2002 Estimated	
	Allocation	Net Expenditure	Allocation	Net Expenditure	Allocation	Net Expenditure	Allocation	Net Expenditure
Classroom	$ 1,188,801,005	$ 1,164,805,334	$ 1,170,802,895	$ 1,135,923,064	$ 1,198,724,763	$ 1,198,724,764	$ 1,214,965,749	$ 1,214,965,749
Non-Classroom	358,464,122	354,765,643	359,991,573	361,037,845	271,469,006	271,141,923	276,122,540	281,641,348
Administration	124,737,537	124,067,874	127,878,665	129,217,039	51,870,099	51,761,729	53,244,901	53,244,901
Facilities	246,195,676	244,214,009	239,424,466	239,840,806	212,012,066	211,569,118	220,663,957	220,663,957
Continuing Education	45,172,668	44,756,462	55,267,981	55,660,186	34,415,046	34,415,046	34,084,238	34,084,238
Transportation	34,705,196	32,008,828	35,013,811	29,220,906	35,402,169	32,055,380	35,929,072	30,410,265
Capital and Debt	51,639,123	51,639,123	51,866,983	51,866,983	51,557,033	51,564,588	51,773,977	51,773,977
School Renewal	27,790,701	22,855,609	38,262,414	26,092,980	38,886,990	32,538,061	39,819,784	39,819,784
New Pupil Places								
Provision for Reserves		38,393,146		49,648,972		10,566,564		
Total	$ 2,077,506,028	$ 2,077,506,028	$ 2,078,508,788	$ 2,078,508,781	$ 1,894,337,172	$ 1,894,337,173	$ 1,926,604,218	$ 1,926,604,219

In each of the years under examination, the TDSB reported total expenditures equal to its total allocations. However, we note that from 1998-1999 through to 2000-2001 the TDSB's allocations exceeded its expenditures. Between $10.5 million and $49.6 million of surpluses were brought into the School Board's reserves in each of first three years after amalgamation. The surplus funds were assigned to various reserve funds, including: non-capital reserves for working funds and unused school budgets, pupil accommodation reserves and so forth.

The expenditures of 2001-2002 were funded, in part, by $111 million of the School Board's reserves (from prepaid mitigation funds and prior years' surpluses).

We note that in 2001-2002 the Trustees opted to challenge the Province when their transitional funding (including reserve amounts) became exhausted. In our view, there is no factual basis for the Trustees' current complaint that the Provincial funding formula does not permit the delivery of a quality education. Rather, the Trustees are dissatisfied that the funding formula does not permit them to continue their programs and services at a level that is consistent with the old Toronto Board's delivery philosophy. That is, the predecessor School Boards that existed prior to amalgamation were somehow viewed by the Trustees as needing to be brought up to the old Toronto Board levels.

F Continuing Education

The TDSB operates an extensive Continuing Education program that includes mandated credit and non-mandated academic courses, language skills and community interest courses. Table 7 summarizes the budget for the 2002-2003 school year.

Table 7 – Continuing Education Budget, Revenues and Facilities Costs (2002-2003)

	Budget	Grants/Revenue	Facilities Costs	Net Cost
Credit Programs	$ 8,212,680	$ 7,016,062	$ 580,655	-$ 1,777,273
Adult Day Schools	$ 15,663,333	$ 12,675,561		-$ 2,987,772
Elementary Programs	$ 8,865,000	$ 5,786,728	$ 876,038	-$ 3,954,310
Non-Credit English as a Second Language	$ 12,950,000	$ 14,569,194	$ 1,441,217	$ 177,977
Community Interest	$ 2,842,670	$ 3,264,828	$ 422,158	$ -
Central Administration	$ 2,054,400	$ -	$ -	-$ 2,054,400
Human Resources & Payroll	$ 500,000			-$ 500,000
	$ 51,088,083	$ 43,312,373	$ 3,320,068	**-$ 11,095,778**

We have the following comments on Table 7:

1. We understand that the complete cost of all extra-curricular activities are not reflected in Table 7. For example, the cost of operating swimming pools is recorded in school operations and the cost of lifeguards is recorded with professionals and para-professionals (which is a "classroom" expenditure, according to the financial statements).

2. The non-mandated, community enrichment programs such as the non-credit ESL and community interest programs are operated at, or near, cost-recovery levels.

3. Contrary to our preliminary expectations, the areas of the largest losses are in credit programs.

4. We understand that the cause of deficits in the credit and mandated programs is due to the delivery models that are employed by the TDSB. The TDSB offers courses during non-standard times (weekends) at a number of sites, which increases facilities costs. The TDSB currently operates seven (7) stand-alone Adult education sites that are separate from regular school sites. The delivery of Adult education at separate sites increases facilities and operations costs. The Staff is proposing to rationalize many of these programs in the 2002-2003 budget.

G Comparative Analyses

Under the Provincial philosophy of equity in education, each School Board should have comparable resources, taking into account unique needs, to deliver economic, efficient and effective programs to their students.

For the purpose of our comparative analysis, we selected the following Ontario School Boards:

1. York DSB
2. Durham DSB
3. Peel DSB
4. Thames Valley DSB
5. Toronto Catholic DSB

The comparison School Boards were selected on the basis of the following factors:

1. Enrolment;
2. Number of schools;
3. Funding and expenditures;
4. Geography (urban and suburban communities); and,
5. Large School Boards within the Province of Ontario.

The TDSB is the largest School Board in Ontario by far. Furthermore, the TDSB predominantly serves urban communities. There are no other School Boards within Ontario that would "fit" the same profile of the TDSB. Thus, we recognize the inherent limitations of comparing the TDSB with any one other School Boards in Ontario. Nevertheless, some insight can be obtained by combining the larger School Boards in Ontario to approximate TDSB's enrollment.

We also made comparisons to overall Provincial results (the aggregate results of all School Boards under the Ministry of Education), where appropriate and where data was available.

The TDSB's gross operating expenditures in 2001-2002 were over $80 million higher than the gross operating expenditures of the next three largest School Boards in Ontario combined. Thus, comparisons to Provincial averages must be interpreted with caution, as the Provincial results would be skewed somewhat by TDSB's results, by virtue of its size.

It should be noted that there may be different interpretations of how certain calculations should be performed, such as how categories of staff can be grouped. We stress that our computational approach for a given analysis has been consistently applied to all members of the comparison group. Thus, any differences should be relative.

(i) Funding and Expenditures

In the this section, we will set out our analysis on the funding and expenditures of the TDSB relative to other large Ontario School Boards and the Province as a whole. Our comparison of School Boards indicates that the TDSB has been better funded, and has spent more resources, than its peers. The TDSB's trends appear to be improving in more recent years. For example, its overall expenditures per pupil have been falling. However, our analysis indicates that the TDSB remains inefficient, and that significant rationalization opportunities are available.

The Board of Trustees has claimed that the TDSB is not adequately served by the Provincial funding formula. Our analysis indicates that the TDSB is the highest funded (on a per pupil basis) among the comparative School Board group. The data can be interpreted in various ways. On the one hand, a large School Board should be able to achieve economies of scale, simply by being large. There are certain fixed costs that are not affected by the number of pupils or number of schools. For example, only one Director of Education is required whether a School Board has enrolment of 10,000 or 250,000. On the other hand, costs may have to be incurred because of the need to improve communication and co-ordination channels and to provide extra direct education services. Some additional costs can be expected because TDSB is located in a large urban center. The TDSB could encounter a variety of special issues such as higher costs-of-living, student poverty and so forth.

Table 8 – Funding on a Per Student Basis (ADE)

	1998-1999	1999-2000	2000-2001	2001-2002 Estimates	Average
Toronto	$ 7,395.33	$ 7,363.28	$ 6,628.68	$ 6,699.26	$ 7,021.64
Toronto Catholic	$ 6,253.93	$ 6,270.35	$ 6,496.98	$ 6,596.05	$ 6,404.33
Thames Valley	$ 5,970.63	$ 5,935.04	$ 6,251.81	$ 6,334.55	$ 6,123.01
Peel	$ 6,194.64	$ 6,012.65	$ 6,193.87	$ 5,987.99	$ 6,097.29
York	$ 5,931.33	$ 5,846.33	$ 6,059.80	$ 6,112.01	$ 5,987.37
Durham	$ 5,818.42	$ 5,781.36	$ 5,962.38	$ 6,050.01	$ 5,903.04
Province of Ontario	$ 6,239.14	$ 6,271.12	$ 6,356.91	$ 6,448.58	$ 6,328.94

Table 9 shows that TDSB is also the highest spending School Board among the comparative group:

Table 9 – Operating Expenditures on a Per Student Basis (ADE)

	1998-1999	1999-2000	2000-2001	2001-2002 Estimates	Average
Toronto	$ 7,575.51	$ 7,503.28	$ 7,404.64	$ 7,233.02	$ 7,429.11
Toronto Catholic	$ 6,276.26	$ 6,422.60	$ 6,588.07	$ 6,686.14	$ 6,493.27
Thames Valley	$ 6,001.61	$ 6,138.69	$ 6,465.20	$ 6,419.91	$ 6,256.35
Peel	$ 6,320.55	$ 6,090.31	$ 6,239.04	$ 5,993.55	$ 6,160.86
York	$ 5,959.10	$ 5,922.96	$ 6,165.83	$ 6,182.92	$ 6,057.70
Durham	$ 5,846.48	$ 5,896.98	$ 6,060.43	$ 6,149.36	$ 5,988.31
Province of Ontario	$ 6,207.27	$ 6,235.14	$ 6,340.58	$ 6,445.30	$ 6,307.08

As a general observation, we note that all of the comparative School Boards' expenditures exceeded their funding allocations on a per pupil basis. However, the TDSB stands out as the School Board that outspends its funding by the highest margin.

Table 10 – Percentage of Expenditures in Excess of Allocations

	1998-1999	1999-2000	2000-2001	2001-2002 Estimates
Toronto	**2.4%**	**1.9%**	**11.7%**	**8.0%**
Durham	0.5%	2.0%	1.6%	1.6%
Toronto Catholic	0.4%	2.4%	1.4%	1.4%
Thames Valley	0.5%	3.4%	3.4%	1.3%
York	0.5%	1.3%	1.7%	1.2%
Peel	2.0%	1.3%	0.7%	0.1%

The TDSB's increasing margin of difference between its expenditures and funding suggests that it has largely maintained its program offerings without regard to its available resources. The Board of Trustees has opted to maintain existing programs despite the gradual reduction of transitional funding. The TDSB simply has not sufficiently rationalized its expenditures to comply with the ongoing operational funding that it receives.

Further to our previous commentary on the TDSB's historically disproportionate expenditures in non-classroom areas, we compared TDSB's non-classroom expenditures to other Ontario School Boards.

Table 11 – Non-Classroom Expenditures per Pupil (ADE)

	1998-1999	1999-2000	2000-2001	2001-2002 Estimates	Average
Toronto	**$ 3,194.81**	**$ 3,257.12**	**$ 2,868.09**	**$ 2,637.04**	**$ 2,989.27**
Toronto Catholic	$ 2,158.98	$ 2,237.28	$ 2,288.16	$ 2,317.65	$ 2,250.52
Thames Valley	$ 2,122.59	$ 2,133.56	$ 2,332.66	$ 2,253.06	$ 2,210.47
York	$ 2,040.27	$ 2,042.06	$ 2,137.66	$ 2,104.20	$ 2,081.05
Peel	$ 2,117.94	$ 2,005.05	$ 2,049.04	$ 1,969.05	$ 2,035.27
Durham	$ 1,964.29	$ 1,959.02	$ 2,063.81	$ 2,111.04	$ 2,024.54
Province of Ontario	$ 2,225.14	$ 2,265.81	$ 2,189.85	$ 2,235.08	$ 2,228.97

The TDSB was significantly higher than other large Ontario School Boards. The TDSB's non-classroom expenditures were 43% higher than the Provincial average in 1998-1999. Non-classroom expenditures per pupil at the TDSB have decreased since 1998-1999, but still remain higher than all of the other Schools Boards in our comparison.

The TDSB has increased its percentage of expenditures that are directed at classrooms in more recent years. However, the School Board remains the lowest in our comparison group. Thus, any claims that expenditures are student and/or classroom focused must be closely scrutinized. It is not entirely clear why the Trustees have chosen to direct a disproportionate share of its budget to non-classroom expenditures.

Table 12 – Classroom Expenditures as a Percentage of Total Operating Expenditures

	1998-1999	1999-2000	2000-2001	2001-2002 Estimates
Toronto	57.8%	56.6%	61.3%	63.5%
Durham	66.4%	66.8%	65.9%	65.7%
Peel	66.5%	67.1%	67.2%	67.1%
Thames Valley	64.6%	65.2%	63.9%	64.9%
Toronto Catholic	65.6%	65.2%	65.3%	65.3%
York	65.8%	65.5%	65.3%	66.0%
Province of Ontario	64.2%	63.7%	65.5%	65.3%

In the 1999-2000 and 2000-2001 Director's Annual Reports, the TDSB indicated that 88% to 90% of its expenditures are "budgeted for schools". We examined the TDSB's proposition and determined that its claim was premised on a specific definition of "school expenditures". The TDSB's definition of school expenditures includes:

1. All classroom expenditures.
2. All non-classroom expenditures, except for board administration and transportation.
3. School renewal expenditures. (A non-operating, capital item.)

By defining virtually all of its expenditures as being school-related, the TDSB is able to generate an impressive statistic. However, we have the following comments:

1. There are considerable infrastructure and overhead costs, including school administration, that are included in the TDSB's definition of school costs. It is doubtful that all classroom and non-classroom costs can be construed as directly benefiting students.
2. The TDSB's allocation statistic speaks to the quantum, but not the efficiency, of its expenditures.
3. It is interesting to note that the Director's Annual Reports for 1998-1999 and 1999-2000 did not include similar allocation statistics. Rather, the reports for the

two years immediately following amalgamation focused on plans to achieve cost efficiencies.

It should be noted that our distinction between classroom and non-classroom costs is based upon the Ministry's financial reporting statements. The TDSB's classification approach differs from the Ministry's methodology.

In considering the implications of the TDSB being the largest School Board in Ontario, we compared the TDSB's results with the aggregate results of three other large School Boards. We combined the enrolment expenditures of York, Peel and Toronto Catholic School Boards, which recently have approximated the "size" of the TDSB. Table 13 summarizes our results.

Table 13 – TDSB's Enrolment and Classroom/Non-Classroom Expenditures Compared to York/Peel/Toronto Catholic

Enrolment				
	1998	**1999**	**2000**	**2001**
TDSB	270,181	270,040	272,134	273,912
York/Peel/Toronto Catholic	276,369	281,613	288,977	302,056
Classroom Expenditures				
	1998	**1999**	**2000**	**2001**
TDSB	$ 1,183,580,973	$ 1,146,633,418	$ 1,234,550,426	$ 1,258,895,193
York/Peel/Toronto Catholic	$ 1,130,458,159	$ 1,142,888,646	$ 1,207,061,443	$ 1,252,937,236
Non-Classroom Expenditures				
	1998	**1999**	**2000**	**2001**
TDSB	$ 863,177,220	$ 879,553,809	$ 780,507,296	$ 722,317,940
York/Peel/Toronto Catholic	$ 583,017,566	$ 589,816,285	$ 622,451,650	$ 639,878,380

Table 13 raises important financial issues: The TDSB incurs more classroom expenditures, and significantly greater non-classroom expenditures, to educate *fewer* students. This observation must be considered in light of the following:

1. The aggregate expenditures of York/Peel/Toronto Catholic include inefficiencies such as duplicate central administration, program co-ordination, reduced purchasing power and similar.

2. York/Peel/Toronto Catholic are all situated in Southern Ontario. Thus, we would expect that the "composite" School Board faces similar (if not the same) cost-of-living and competitive pressures that affect Toronto.

(ii) TDSB versus Ontario

To identify specific expenditure categories in which the TDSB's spending is comparatively high, we evaluated specific costs of the TDSB against those of the Province as a whole, on a per pupil (ADE) basis. The percentages represent the difference between the TDSB's figures and those of the Province as a whole.

Table 14 – Comparison of Classroom and Non-Classroom Expenditures per Pupil (ADE) and the Percentage Excess of TDSB's Expenditures over Provincial Expenditures

	1998-1999	1999-2000	2000-2001	2001-2002 Estimate
Classroom Expenditures				
TDSB	$ 4,380.70	$ 4,246.16	$ 4,536.55	$ 4,595.98
Province of Ontario	$ 4,039.08	$ 4,067.83	$ 4,229.57	$ 4,275.42
Percentage Excess of TDSB	*8.5%*	*4.4%*	*7.3%*	*7.5%*
Non-Classroom Expenditures				
TDSB	$ 3,194.81	$ 3,257.12	$ 2,868.09	$ 2,637.04
Province of Ontario	$ 2,334.90	$ 2,387.70	$ 2,405.79	$ 2,366.30
Percentage Excess of TDSB	*36.8%*	*36.4%*	*19.2%*	*11.4%*

The TDSB has historically exceeded the Provincial average in classroom expenditures per pupil by approximately 7%. However, the more interesting difference is in TDSB's non-classroom expenditures, which exceeded the Provincial average by over 36% in 1998-1999 and 1999-2000. We further compared specific cost line items in order to isolate overspending in particular categories of costs.

Table 15 – Comparison of Specific Expenditures per Pupil (ADE)

	1998-1999	1999-2000	2000-2001	2001-2002 Estimate
Professionals/Para-Professionals Expenditures				
TDSB	$ 270.49	$ 246.11	$ 243.71	$ 229.98
Province of Ontario	$ 143.88	$ 150.84	$ 162.20	$ 162.60
Percentage Excess of TDSB	*88.0%*	*63.2%*	*50.2%*	*41.4%*
Board Administration				
TDSB	$ 512.13	$ 539.91	$ 397.46	$ 309.23
Province of Ontario	$ 263.80	$ 266.06	$ 253.77	$ 236.48
Percentage Excess of TDSB	*94.1%*	*102.9%*	*56.6%*	*30.8%*
School Operations				
TDSB	$ 944.85	$ 951.81	$ 900.54	$ 888.82
Province of Ontario	$ 645.15	$ 680.03	$ 703.93	$ 702.03
Percentage Excess of TDSB	*46.5%*	*40.0%*	*27.9%*	*26.6%*
School Office				
TDSB	$ 252.44	$ 280.87	$ 245.47	$ 278.75
Province of Ontario	$ 179.33	$ 188.36	$ 184.62	$ 189.49
Percentage Excess of TDSB	*40.8%*	*49.1%*	*33.0%*	*47.1%*

The TDSB's Professional and Para-professional costs, a classroom item, has been consistently higher than the Provincial average for such costs. This reflects the TDSB's decision to incur non-mandated, additional expenditures such as lunchroom supervisors, swimming pool lifeguards, youth counsellors and so forth. Board administration expenditures were 94% higher than the Provincial average in 1998-1999 and 103% higher in 1999-2000. Although the margin of overspending in board administration and school operations has decreased over the period that we examined, the difference between the TDSB and the Provincial average cost remains high. In our opinion, the fundamental uniqueness of Toronto, if any, is unlikely to explain a 30.8% difference in administration costs or a 47% difference in school office costs. We also note that the margin of excess in school office expenditures increased from 1998-1999 to 2001-2002. All of the above staffing differences are being addressed in our recommended budget proposals for 2002-2003.

The TDSB's inefficiencies can also be observed through its comparatively generous staffing levels. Within the classroom category, the TDSB has enjoyed the lowest, or one of the lowest, pupil to teacher ratios of the comparison group. Table 16 computes pupil to teacher ratios by dividing each School Board's reported ADE with its reported number of classroom teachers, including preparation time and principal and vice-principal instruction time. (Preparation time has been included on the basis that it represents teacher costs.)

Table 16 – Pupil to Teacher Ratios

	1998-1999	1999-2000	2000-2001	2001-2002 Estimate	Average
Toronto	**19.49**	**20.19**	**19.78**	**19.94**	**19.85**
Peel	19.66	19.96	20.32	20.70	20.16
Toronto Catholic	20.07	20.28	20.31	20.11	20.19
Thames Valley	19.97	20.39	20.26	20.45	20.27
Durham	21.10	21.15	21.18	20.98	21.10
York	22.41	22.27	21.87	18.54	21.27

The TDSB is particularly well staffed in instructional support areas, such as librarians, guidance counselors, teacher consultants and professional/para-professional staff. Tables 17, 18 and 19 illustrate the significant difference in the TDSB's staffing resources compared to other large Ontario School Boards.

Table 17 – Pupil to Librarian and Guidance Counsellor Ratios

	1998-1999	1999-2000	2000-2001	2001-2002 Estimate	Average
Toronto	**335.63**	**334.62**	**334.73**	**354.53**	**339.88**
Peel	319.74	406.02	413.20	447.87	396.71
Thames Valley	402.99	409.92	403.92	467.38	421.05
Toronto Catholic	327.17	379.15	480.91	522.89	427.53
Durham	597.40	414.45	413.76	414.16	459.94
York	441.13	485.73	462.13	450.93	459.98

Table 18 – Pupil to Teacher Consultant Ratios

	1998-1999	1999-2000	2000-2001	2001-2002 Estimate	Average
Toronto	**767.56**	**836.04**	**1,119.89**	**1,127.21**	**962.68**
Peel	1,149.96	1,608.85	1,128.26	1,217.64	1,276.18
Toronto Catholic	1,119.87	1,242.51	1,571.56	1,651.24	1,396.29
Thames Valley	2,178.32	1,724.27	1,386.43	1,510.48	1,699.88
Durham	1,811.53	1,851.61	1,733.73	2,199.42	1,899.07
York	1,711.95	2,064.06	2,256.89	2,352.52	2,096.35

Note: Teacher consultants provide central services in developing curricula, co-ordinating district-wide programs and events and provide teacher support and development services.

Table 19 – Pupil to Professional/Para-professional Ratios

	1998-1999	1999-2000	2000-2001	2001-2002 Estimate	Average
Toronto	**77.71**	**84.86**	**82.74**	**92.38**	**84.42**
Toronto Catholic	247.19	151.40	168.21	159.34	181.54
Peel	290.83	411.54	347.21	403.91	363.37
Durham	431.92	469.46	417.27	448.77	441.86
Thames Valley	495.99	500.87	434.42	420.01	462.82
York	393.26	364.40	597.32	542.24	474.43

Note: Professionals and para-professionals include the following groups of staff: Psychologists, psychometrists, speech language pathologists, child care workers, social workers, attendance counselors, computer technicians, lunchroom/noon hour/bus supervisors, and similar.

The margin of difference in TDSB's pupil to professional/para-professional ratio is dramatic. The main explanation for the difference is TDSB's use of lunchroom supervisors, of which TDSB has historically employed 1,800 to 2,000. The vast majority of Ontario School Boards use teachers (or volunteers) to perform noon hour supervision duties. Other discretionary staff, such as lifeguards for the TDSB's pool programs, also contribute to the TDSB's comparatively high level of professional/para-professional staffing.

As is discussed elsewhere in our report, many of the Staff-proposed budget efficiencies involve the rationalization of non-mandated support staff such as professionals and para-professionals.

In our analysis of the TDSB's transitional funding usage and its actual expenditures, we noted that significant resources have been devoted to central administration functions. Table 20 corroborates our earlier observations by highlighting the comparatively high level of staffing that is observed at the TDSB.

Table 20 – Pupil to Board Administration Staff Ratios

	1998-1999	1999-2000	2000-2001	2001-2002 Estimate	Average
Toronto	**193.12**	**192.89**	**231.70**	**254.80**	**218.13**
Thames Valley	347.40	363.41	362.08	366.32	359.80
Durham	356.02	374.73	359.44	367.20	364.35
Peel	338.45	375.65	371.27	399.91	371.32
York	383.51	352.72	356.79	397.57	372.65
Toronto Catholic	313.17	373.48	389.49	436.75	378.22

The Staff have advised us that the operation of a School Board as geographically expansive and as complex as the TDSB cannot fit within traditional concepts of economies of scale. (i.e., that larger organizations can access certain efficiencies that are not available to smaller entities.) Factors such as travel time and the increased need for central co-ordination and communications allegedly impede efficiency gains.

In our opinion, the Staff's rationalization of their inefficiencies is not adequate. We did not identify sufficient substantive evidence to justify the TDSB's significantly higher operating costs and staffing levels. The following points should be considered:

1. The TDSB's high staffing levels are not necessarily required because of unique circumstances. Rather, the high staffing levels are due to discretionary program decisions (e.g., the use of lunchroom supervisors, the level of librarian and guidance counselor support, the level of teacher consultant support, etc.).

2. Virtually all non-management staff at the TDSB are unionized. The restrictions and conditions that have been included in the various collective bargaining agreements result in higher headcounts and operating costs.

3. The existing collective bargaining agreements effectively restrict the TDSB's ability to restructure their operations, to access cost efficiencies.

In our discussions regarding economies of scale, the Staff often cited the Ministry's calculation of the Directors and Supervisory Officers ("DSO") component of the School Board Administration and Governance grant. The Staff pointed out that the DSO grant per pupil increased for escalating enrolment (up to 20,001 pupils). That is, DSO funding provides $11 per student for the first 10,000 students, $16 per student for the next 10,000 students and $21 per student for the remaining pupils. In the Staff's opinion, the DSO funding formula was "evidence" that the Ministry did not expect economies of scale. We disagree with the Staff's assertion. The Staff's analysis is flawed because fails to incorporate the DSO's base grant amount of $418,000. This base grant recognizes that there are certain fixed costs that will be incurred regardless of enrolment. Our analysis, which includes the consideration of the base grant, confirms that economies of scale are implicit in the DSO grant calculation. See Table 21 for our calculations.

Table 21 – Calculation of the Directors and Supervisory Officers Grant

Pupil Enrolment	1,000	5,000	10,000	20,000	50,000	100,000	200,000	300,000
Base Grant	$ 418,000	$ 418,000	$ 418,000	$ 418,000	$ 418,000	$ 418,000	$ 418,000	$ 418,000
Per Pupil Amounts								
$11 for first 10,000	$ 11,000	$ 55,000	$ 110,000	$ 110,000	$ 110,000	$ 110,000	$ 110,000	$ 110,000
$16 for next 10,000				$ 160,000	$ 160,000	$ 160,000	$ 160,000	$ 160,000
$21 thereafter					$ 630,000	$ 1,680,000	$ 3,780,000	$ 5,880,000
	$ 11,000	$ 55,000	$ 110,000	$ 270,000	$ 900,000	$ 1,950,000	$ 4,050,000	$ 6,150,000
Total Grant	$ 429,000	$ 473,000	$ 528,000	$ 688,000	$ 1,318,000	$ 2,368,000	$ 4,468,000	$ 6,568,000
Per Student	**$ 429.00**	**$ 94.60**	**$ 52.80**	**$ 34.40**	**$ 26.36**	**$ 23.68**	**$ 22.34**	**$ 21.89**

(iii) Recognition of Unique Factors

The Board of Trustees has claimed that the Provincial funding formula does not recognize the unique needs of their district as an urban school board. Specific factors that were offered to us include, but are not limited to, the following:

1. Proportion of immigrants (students with first languages other than English).
2. Low-income families.
3. One, or lone parent families.

The Provincial funding formula does in fact address urban issues through the Learning Opportunities Grant ("LOG"). The LOG provides funding to districts that qualify under the following measures:

1. Low income.
2. Low education.
3. Recent immigration.
4. Lone parent status.
5. Aboriginal origin.

The LOG is intended to allow schools to provide programs and services to possible high-risk students. The specific use of the funds is largely left to the discretion of each School Board.

We compared the TDSB's LOG allocation on a per pupil basis against that of other School Boards.

Table 22 – Learning Opportunities Grant (Per Pupil – ADE)

	1998-1999	1999-2000	2000-2001	2001-2002 Estimate
Toronto	**$ 197.40**	**$ 197.51**	**$ 238.90**	**$ 240.19**
Durham	$ 31.81	$ 31.12	$ 66.60	$ 67.56
York	$ 36.45	$ 35.08	$ 70.97	$ 68.53
Peel	$ 59.47	$ 57.79	$ 92.01	$ 88.64
Thames Valley	$ 75.92	$ 75.50	$ 112.16	$ 112.77
Toronto Catholic	$ 246.31	$ 248.41	$ 294.00	$ 298.71
Province of Ontario	$ 94.08	$ 93.63	$ 131.22	$ 131.54

With the exception of the Toronto Catholic School Board, the TDSB has received the most LOG funding per student within our comparison group.

In December 2001, the Staff prepared a costing summary of the additional (non-mandated) programs that were offered by the TDSB for "High Risk" students[2]. The TDSB received $65 million and $65.8 million in LOG funding in 2000-2001 and 2001-2002, respectively. Table 23 summarizes the TDSB's Special Programs for High Risk Students, as prepared by the Staff.

Table 23 – Expenditures for Additional Programs That Support High Risk Students

	Elementary	Secondary	Total
Literacy	$ 32,940,850	$ 779,713	$ 33,720,563
Numeracy	$ 2,476,579	$ 387,926	$ 2,864,505
At-Risk Students	$ 2,112,902	$ 334,971	$ 2,447,873
Continuing Education	$ 2,941,451	$ 606,240	$ 3,547,691
Guidance: Interpersonal Development	$ 5,555,223	$ 322,152	$ 5,877,375
Guidance: Career and Student Development	$ 108,469	$ 160,002	$ 268,471
Safe Schools	$ 2,144,910	$ 1,840,526	$ 3,985,436
Arts & Equity Programs	$ 4,072,844	$ 51,989	$ 4,124,833
Other	$ 5,549,442	$ 215,209	$ 5,764,651
	$ 57,902,670	**$ 4,698,728**	**$ 62,601,398**

[2] From Appendix C, "Cost of Delivering Additional Programs That Support High Risk Students", attached to a memorandum entitled "Program Co-ordination/Resource Allocation", dated December 11, 2001.

We have been advised by the Staff that the "actual" incremental cost of supporting high risk students is upwards of $90 million per annum. However, we understand that the $90 million estimate is based upon subjective allocations from regular programs. For example, 50% of the total operating cost of the outdoor education centres could be considered to be a cost of supporting high-risk students, because the centres are beneficial for inner-city children. We do not agree with the logic of several of these additional cost allocations. The centres have other users, and a figure of 50% is questionable. Nevertheless, it is important to recognize that educating high-risk, urban students will incur additional infrastructure costs. The TDSB must address issues such as violence, property crimes and substance abuse. Consequently, resources are necessary for TDSB in order to ensure student safety, to deal with disciplinary issues, and to comply with the administrative requirements for suspensions. More data is needed to ascertain what are appropriate funding needs.

In response to the Trustees' claim that the TDSB provide relatively more English-as-a-Second-Language (ESL) programs due to Toronto's high immigrant population, we examined the TDSB's languages funding.

Table 24 – Languages Allocation

	1998-1999	1999-2000	2000-2001	2001-2002 Estimate
Toronto	**$ 285.34**	**$ 294.07**	**$ 354.37**	**$ 352.54**
Durham	$ 105.39	$ 110.89	$ 116.93	$ 116.75
Thames Valley	$ 131.12	$ 133.46	$ 141.87	$ 144.69
York	$ 194.39	$ 191.11	$ 197.46	$ 184.09
Peel	$ 220.09	$ 218.01	$ 242.24	$ 229.82
Toronto Catholic	$ 202.61	$ 207.54	$ 234.44	$ 234.80
Province of Ontario	$ 178.28	$ 181.50	$ 204.77	$ 204.55

It is evident from Table 24 that the TDSB receives significantly more language funding per student than other large School Boards. However, the statistics for determining adequacy of TDSB's grants are not clear. Nevertheless, TDSB receives 50% more per student than the Toronto Catholic Board.

H Conclusion

Historically, the TDSB has allocated a disproportionate amount of its resources to non-classroom areas. Our analysis indicates that the TDSB has not made all of the necessary efforts to rationalize its operations to achieve a balanced budget. We have identified numerous examples of the TDSB having employed comparatively more resources than other large Ontario School Boards. The TDSB operates a number of discretionary programs that do not receive Provincial resources, and the programs therefore contribute to the TDSB's expenditure gap.

Serving the largest city in the country, the TDSB certainly faces unique circumstances. These problems cannot be ignored. But, a crucial question is whether several issues of concern to Trustees belong under the Education umbrella. Our analysis indicates that the TDSB receives comparatively more resources (on a per student basis) than its peers. Moreover, specific funding is provided to assist the Board in addressing certain local issues.

Some Trustees appear to believe that virtually every concern in society somehow is "Education"-related at the elementary and secondary school level. The Provincial government, however, has specific guidelines for what constitutes elementary and secondary school education. Trustees cannot ignore government policy, in their role as Education Trustees, to assume a variety of other societal or constituency causes. Quite obviously, an education budget will not be adequate to fund non-education or remotely-related to education problems.

APPENDIX B

STAFF-RECOMMENDED BUDGET REDUCTIONS / (INCREASES) VERSUS BOARD OF TRUSTEES-APPROVED BUDGET REDUCTIONS / (INCREASES)

I. INTRODUCTION

The purpose of this Appendix is to analyze the recommendations that were advanced by the TDSB Staff to assist in balancing the budget. We have evaluated Staff recommendations for school years beginning in 1998 to 1999 through to 2002 to 2003. We also have examined the nature of the approvals and the rejections of the Staff's proposals by the TDSB Board of Trustees.

When analyzing Staff recommendations, we focused on the following:

1. The differences between proposed reductions made to classroom expenditures compared to non-classroom expenditures;

2. The extent to which approved recommendations actually resulted in cash savings; and

3. The degree of success of the Board's attempts to comprehensively change the program delivery models, to achieve long-term recurring savings (versus recommending non-structural yearly reductions simply to balance the budget).

In analyzing the actions taken by the Board of Trustees in approving or rejecting Staff recommendations, we focused on the following:

1. Whether the Trustees directed TDSB Staff to investigate areas that were possibilities for potential cost savings;

2. Finance actions that were taken by the Trustees to "protest" the provincial funding formula and that were not clearly directed at improving the quality of student education; and

3. Actions that were taken by Trustees to ensure that Board Administrators were fulfilling their responsibilities.

II. SCOPE

For the purposes of this Appendix, our scope was limited to the review of private and public minutes of various committees and subcommittees of the Board. Our analysis included a review of the supporting documentation and analyses that has been prepared by the TDSB Staff and various other committees. We held discussions with TDSB Staff.

III. SUMMARY OF FINDINGS

Based on our analysis, the following observations were made:

1. Section 231 of Part IX of the *Education Act of Ontario* requires every Board to submit its estimates on or before June 15 of each school year. Subsection 231(2) specifically states:

> "In meeting the requirements of clause (1)(a) [to provide estimates], the board shall ensure its estimated expenditures do not exceed its estimated revenues." (emphasis added)

Thus, a Board that passes a resolution expressly indicating its intention to spend more than its estimated revenues is announcing its intention to violate this aspect of the law.

The Ontario Public School Boards' Association describes the obligation of Trustees as follows:

> "...It is the responsibility of Trustees to develop a balanced budget, within the funding provided by the Ministry, that reflects the board's vision and the community needs. While board administrators oversee day-to-day spending, the board must ensure that money is spent according to the approved budget." (emphasis added)

A balanced budget was not developed for the 2002-2003 school year, although recommendations were made by Staff to allow for a balanced budget. Therefore, the Trustees violated the law.

2. In every year there have been large differences (variances) between actual expenditures and budgeted expenditures in all expenditure categories. In some expenditure categories, large variances occur in consecutive years. Therefore, even though estimates have been made to develop a balanced budget, the variances could be indicative of a Board that does not ensure that amounts are being spent according to what was approved. Furthermore, the variances may be indicative of unrealistic estimates prepared by Staff that may have been prepared primarily in order to comply with the budget.

3. From 1998 to 2002, 31% of the total approved reductions were made to classroom expenditures that directly impacted the students (See Table 1). Arguably, operation and maintenance of schools directly affects students. If operations and maintenance reductions are considered to be classroom expenditures, approximately 60% of total estimated reductions would have been made to classroom expenditures. A small portion of this total reduction relates to temporary reductions that could be reinstated. However, classroom reductions were significant relative to reductions that could have been made to Board administration, and to programs that were not funded by the Province.

4. The Board of Trustees approved 78% of all recommendations proposed by the Staff. The amounts that were not approved primarily related to the rejection of

the budget for the 2002-2003 school year. If the rejection of the 2002-2003 budget is not taken into consideration, our analysis indicates that virtually all recommendations proposed by the Staff were ultimately approved.

Probing further, it becomes apparent that a majority of the reductions were made to fund increases in negotiated salaries. Reductions were made to areas such as Board administration and school operations.

Certain cost efficiencies were of a temporary nature, such as proposed reductions in classroom computers. The thinking of Trustees was that these expenditures would be reinstated when money was provided.

5. General reserves were used in order to arrive at a balanced budget in some years. The Staff informed us that although reserves were used, efforts were still being made to search for measures that would result in future savings. However, the Board's cumulative estimated savings of about $300 to $400 million over four years is below five percent of a cumulative budget of about nine billion dollars (including the $912 million of transitional funds).

6. The Staff hesitated in recommending reductions where the Ministry indicated that the funding model was being reviewed for specific expenditure categories. However, in our opinion, the Staff should have proposed changes that they believed would result in savings.

7. Changes that were made to adult day learning at the outset of the new funding model were indicative of prudent economical decisions. All desired savings anticipated from this change in delivery model were achieved. However, this same decision philosophy to alter the delivery model of other programs was not evident in later years.

Table 1 - 1998 to 2002 Staff Recommended Budget Reductions/(Increases) Versus Board of Trustees-Approved Budget Reductions/(Increases)

Expenditure Category	Staff-Recommended Reductions / (Increases)	Board of Trustees-Approved Budget Reductions / (Increases)	Percentage of Total Reductions
CLASSROOM			
Classroom Teachers	$37,300,000	$38,800,000	14.48%
Occasional/Supply Teachers	14,520,000	5,720,000	2.13%
Teacher / Education Assistants	1,000,000	(1,500,000)	-0.56%
Textbook and Classroom Supplies	13,520,000	4,320,000	1.61%
Classroom Computers	33,526,000	30,026,000	11.21%
Professionals and Para-professionals	18,750,000	6,500,000	2.43%
Staff Development	5,800,000		
Subtotal	**124,416,000**	**83,866,000**	**31.30%**
NON-CLASSROOM			
Principals and Vice-Principals	7,640,000	1,640,000	0.61%
Secretarial and Supplies	2,520,000	720,000	0.27%
Teacher Consultants	17,300,000	16,700,000	6.23%
Continuing Education	22,719,000	15,969,000	5.96%
Subtotal	**50,179,000**	**35,029,000**	**13.07%**
ADMINISTRATION			
Trustees	65,000	65,000	0.02%
Directors and Supervisory Officers	6,385,000	6,385,000	2.38%
Board Administration	89,080,000	72,580,000	27.09%
Subtotal	**95,530,000**	**79,030,000**	**29.49%**
TRANSPORTATION			
Pupil Transportation	1,204,000	1,204,000	0.45%
Subtotal	**1,204,000**	**1,204,000**	**0.45%**
PUPIL ACCOMODATION			
Operations & Maintenance	66,578,000	64,578,000	24.10%
School Renewal	4,250,000	4,250,000	1.59%
Subtotal	**70,828,000**	**68,828,000**	**25.69%**
Total	**$342,157,000**	**$267,957,000**	**100.00%**

Summary of Findings in 1998-1999 (see Table 2)

Based on our analyses, we have the following observations:

1. Approximately 70% of the total approved reductions were actually realized. This was largely attributable to the change made to the program delivery model of adult day learning. All anticipated savings from the related expenditure categories were realized. The reductions in adult day learning classroom expenditures yielded long-term savings. The change in the adult day program delivery model is an example of program changes that do not change the quality of education, but provide long-term savings.

2. However, 30% of the anticipated reductions were not realized, mainly in the areas of operation and maintenance and occasional teachers. Perhaps the estimates may not have been realistic, or approximate figures were chosen so as to provide a balanced budget.

3. Over 50% of the total reductions were made to classroom expenditures. Reductions to school operations could also be viewed as directly affecting the quality of classroom expenditures, because the maintenance of facilities that accommodate students could impact the level of education. If school operations costs are included in the total reductions to classroom expenditures, approximately 72% of the total approved reductions were made to classroom expenditures. Reductions could have been made to areas, such as to Board administration, where gross operating expenditures per student were approximately 94% greater than the Province of Ontario average. (See Appendix A)

Table 2 - 1998-1999 Staff-Recommended Budget Reductions/(Increases) Versus Board of Trustees-Approved Budget Reductions/(Increases)

Expenditure Category	Staff-Recommended Reductions / (Increases)	Board of Trustees-Approved Budget Reductions/ (Increases)	Percentage of Total Approved Reductions	Difference between Actual Expenditures and Budget Under/(Over)
CLASSROOM				
Classroom Teachers	$28,100,000	$28,100,000	44.75%	$17,143,819
Occasional/Supply Teachers	5,000,000	5,000,000	7.96%	(11,022,280)
Subtotal	33,100,000	33,100,000	52.71%	
NON-CLASSROOM				
Principals and Vice-Principals	300,000	300,000	0.48%	(309,442)
Coordinators and Teacher Consultants	4,000,000	4,000,000	6.37%	1,394,108
Continuing Education	3,400,000	3,400,000	5.41%	9,914,151
Subtotal	7,700,000	7,700,000	12.26%	
ADMINISTRATION				
Directors and Supervisory Officers	6,000,000	6,000,000	9.55%	6,000,000
Board Administration	4,000,000	4,000,000	6.37%	5,421,601
Subtotal	10,000,000	10,000,000	15.92%	
PUPIL ACCOMMODATION				
Operations & Maintenance	12,000,000	12,000,000	19.11%	(11,877,466)
Subtotal	12,000,000	12,000,000		
	$62,800,000	$62,800,000		

Analysis

1. Classroom Expenditure Reductions

Over 50% of the total reductions were made to classroom expenditures. Classroom teachers represented approximately 45% of the total estimated reductions and the largest single reduction. The rationalization of classroom teachers was largely a result of a change in the adult day school delivery model. We understand that adult day students were funded at a rate of $2,294 per FTE whereas adolescent students were funded at over

$6,000 per FTE. Thus, the TDSB decided to reorganize its adult education programs into its continuing education division.

The Staff estimated that the change in adult day education would generate savings of approximately $28 million. A comparison of actual expenditures to budgeted expenditures indicates that the TDSB realized approximately $17 million of savings in addition to the $28 million of adult education efficiencies that were expected. Other factors that contributed to the greater than expected savings include: lower than anticipated salary rates due to retirements and attrition, and a lower staffing level at the start of the year (due to a decrease in Secondary enrolment).

The 1998-1999 budget anticipated savings of $5 million from reduced occasional teacher expenditures. The Staff's expectation was that some of the unassigned teachers arising from the revised Provincial class size standards could be deployed for occasional teacher requirements. Contrary to the expected savings of $5 million, TDSB actually overspent its budget by $11 million in the area of occasional teachers. The Staff explained the increased usage of occasional teachers as being attributable to administering the new Provincial assessments and to allow teachers to attend new technology training.

2. Non-Classroom Expenditure Reductions

Non-classroom expenditure reductions were made to coordinators and teacher consultants, continuing education, principals and vice-principals. The Staff had estimated that administrative staff restructuring (School Board amalgamation) and the reorganization of certain continuing education programs would generate combined budget savings of $7.4 million ($4.0 million plus $3.4 million – see Table 2). Actual expenditures for 1998-1999 indicate that approximately $11 million of efficiencies were achieved in these two areas. The TDSB was also able to generate savings in the form of lower salary costs in the areas of summer school credit courses, general interest and adult basic literacy programs.

3. Administration Reductions

Approximately 16% of total planned reductions were directed at School Board administration. Savings of $11 million over and above the expected efficiencies of $10 million were realized. The total efficiencies were achieved in the course of amalgamation restructuring.

4. Pupil Accommodation

The Board had anticipated that reductions in school operations and maintenance would provide 19% of the overall expected savings for 1998-1999. The Staff had intended that savings would be realized from cleaning supplies, electrical, mechanical systems and renovations. In fact, virtually none of the expected savings materialized. The Staff's reasons for the failure to realize efficiencies include:

- A 3%, one-time bonus payment for salaries, which represented $4 million of the difference (CUPE settlement);

- A 10% increase in staff absence, which resulted in a $3 million swell in wage costs for replacement workers; and

- Increases in utilities, repairs and maintenance.

The Staff claim that the cost increases were unexpected and not foreseeable at the time the estimates were prepared.

Summary of Findings in 1999 to 2000

1. Approximately 59%, or $16 million, of the total reductions for 1999-2000 were approved in the prior year (May 1998) as part of a multi-year plan. No new reductions were proposed for either classroom or non-classroom expenditures.

2. The Staff recommended that $11,000,000 of efficiencies be achieved in Board administration costs. Based on the available data, none of the estimated savings in Board administration were actually realized.

3. A new Board of Trustees was elected during November of 2000. The Staff declined to make new recommendations due to the impending change in the Board of Trustees. We understand that many of the new Trustees were elected on the basis of no school closures and no program reductions. We were not able to confirm the Staff's reasoning for not recommending additional efficiencies. However, the Minutes of Board meetings suggest that the new Board of Trustees, as a group, had a different decision philosophy towards the fiscal management of the Board's operations.

Table 3 - 1999-2000 Staff-Recommended Budget Reductions/(Increases) Versus Board of Trustees-Approved Budget Reductions/(Increases)

Expenditure Category	Staff-Recommended Reductions/ (Increases)	Board of Trustees-Approved Budget Reductions (Increases)	Percentage of Total Approved Reductions	Difference between Actual Expenditures and Budget Under/(Over)
CLASSROOM				
Classroom Teachers	$7,500,000	$ 9,000,000	33.33%	50,546,813
Subtotal	7,500,000	9,000,000		
NON-CLASSROOM				
Coordinators and Teacher Consultants	7,000,000	7,000,000	25.93%	(6,832,316)
Subtotal	7,000,000	7,000,000		
ADMINISTRATION				
Board Administration	10,500,000	11,000,000	40.74%	(15,146,664)
Subtotal	10,500,000	11,000,000		
PUPIL ACCOMMODATION				
Operations & Maintenance-Schools	2,000,000			
Subtotal	2,000,000			
Total	**$27,000,000**	**$ 27,000,000**	**100%**	

Analysis

The 1999-2000 budget was based on the 1998-1999 estimates and was updated for anticipated expenditure changes. TDSB received additional funding from the Province for the 1999-2000 year (Stable Funding). Therefore, the difference between estimated revenues (including the stable funding) and estimated expenditures was $27 million. The Board approved 93% of the total reductions that were recommended by the Staff.

1. Classroom Expenditures

The expected efficiencies in classroom expenditures represented approximately one-third of the total efficiencies for the year. The anticipated efficiencies represented the second year of a multi-year reduction plan for the rationalization of teachers in the adult day

school education that was approved by the Board in May of 1998. The Board approved an amount that was higher than the Staff's recommendation.

2. Non-Classroom Expenditure Reductions

Similar to the classroom expenditures, the reduction of $7 million to teacher consultants reflects the second year of implementation of decisions that were made by the Board of Trustees in May of 1998.

3. Administration Reductions

Over 40% of the total improvements planned for the 1999-2000 school year related to Board administration expenditures. The $10.5 million of expected efficiencies in Board administration was applied in the areas of audit and consulting fees ($1 million), administrative facility usage ($2 million), administrative staffing reductions ($6 million) and in other general categories ($1.5 million).

Although reductions were budgeted, other areas of Board administration were increased, such as the following:

a. $1.4 million for a 1% increase in salary and benefit costs for support staff;

b. $3.4 million for the completion of the financial system project, a human resources system project, development of the Intensive Support Amounts ("ISA") database, integration of the plant work-order system into SAP and the integration of permit systems;

c. School operations was also increased by $2.2 million to reflect a 1% increase in salary and benefits; and

d. A $2.5 million increase applied to utilities.

Given that the Staff was expecting increased expenditures, an overall net reduction should not have been budgeted. When actual expenditures are compared to budgeted expenditures, the TDSB overspent the administration budget by $15 million. Factors cited as contributing to this failure to meet estimates included technology costs relating to new systems ($8 million), legal expenses due to labour negotiations and unanticipated moving costs.

4. Pupil Accommodation

The TDSB originally expected to improve its net expenditures on school operations by increasing its leasing revenues. However, the Trustees did not approve the Staff's recommendation to pursue leasing opportunities. Rather, the Trustees opted to increase the targeted reductions in classroom teachers (and Board administration, to a lesser extent).

Summary of Findings in 2000 - 2001

Based on our analyses, the following observations can be made:

1. Approximately 30% of the targeted savings were not achieved. Almost one-half of the shortfall related to non-classroom efficiencies. For example, TDSB overspent its budget on principals and vice-principals. Although the appearance was given that reductions were being made to non-classroom expenditures, the actual, realized savings were occurring mainly in the classroom.

2. All of the estimated savings for school operations were realized, and represented 26% of the total approved efficiencies.

Table 4 - 2000-2001 Staff-Recommended Budget Reductions/(Increases) Versus Board of Trustees-Approved Budget Reductions/(Increases)

Expenditure Category	Staff-Recommended Reductions (Increases)	Board of Trustees-Approved Budget Reductions (Increases)	Percentage of Total Approved Reductions	Difference between Actual Expenditures and Budget Under/(Over)
CLASSROOM				
Occasional/Supply Teachers		($3,000,000)	-4.28%	$3,200,000
Classroom Computers	$2,800,000	10,000,000	14.25%	(3,500,000)
Professionals and Para-professionals	2,400,000	2,400,000	3.42%	(3,200,000)
Subtotal	5,200,000	9,400,000	13.40%	
NON-CLASSROOM				
Principals and Vice-Principals	800,000	800,000	1.14%	(3,000,000)
School Office – Secretarial and supplies	360,000	360,000	0.51%	800,000
Coordinators and Teacher Consultants	5,700,000	5,700,000	8.12%	(4,500,000)
Continuing Education	7,800,000	7,800,000	11.12%	(7,500,000)
Subtotal	14,660,000	14,660,000	20.90%	
ADMINISTRATION				
Board Administration	26,400,000	26,400,000	37.63%	3,200,000
Subtotal	26,400,000	26,400,000	37.63%	
TRANSPORTATION				
Pupil Transportation	900,000	900,000	1.28%	3,000,000
Subtotal	900,000	900,000	1.28%	
PUPIL ACCOMMODATION				
Operations & Maintenance - Schools	18,800,000	18,800,000	26.80%	
Subtotal	18,800,000	18,800,000	26.80%	
Total	$65,960,000	$70,160,000	100%	

Analysis

The 2000-2001 budget expenditures were established by starting with the 1999-2000 revised budgeted expenditures. The 1999-2000 figures were adjusted for known and anticipated changes using budget variances that were identified during the first quarter of 1999-2000.

The following additional Provincial grants were given to TDSB for the 2000-2001 fiscal year:

- a 1.95% wage adjustment was built into the various grant categories;
- a decrease in pupil to teacher ratios resulted in increased funding of $27.5 million at the Elementary School level and $28.2 million at the Secondary level;
- an increase in the Learning Opportunities Grant for students in JK to Grade 3, amounting to an increase of $10.5 million;
- an increase in special education grants for programs in JK to Grade 3, in the amount of $14 million;
- a grant for a one-time expenditure for "improved access for special education pupils", of $4 million; and
- a $15 million increase related to FSL enrolment issues.

The additional grants were offset by a reduction of the mitigation funds and a Provincial claw-back of the Ontario Municipal Employees Retirement System ("OMERS") contribution. In 2000-2001, the OMERS pension fund was in a surplus position. Members and their employers were granted a contribution holiday. Since no contribution to the OMERS plan was required, no funding for these purposes was necessary.

1. Classroom Expenditure Reductions

The expected efficiencies in classroom expenditures were approximately 13% of the total targeted savings for the year. The largest rationalization related to $10 million for classroom computers. However, when a comparison of actual and estimated expenditures is made, the TDSB incurred $3.5 million more than was budgeted for computer costs. The Staff advised that the variance was attributable to costs incurred on the continuing installation of WANs and LANs. Given that these installations were not complete, an estimated reduction of $10 million may not have been realistic.

2. Non-Classroom Expenditure Reductions

None of the approved reductions in non-classroom expenditures were realized. Approximately 21% of the total Trustee-approved reductions were directed to non-classroom expenditures. Staff indicated that approved reductions were carried over from the prior year without a thorough analysis to ensure that they were still appropriate. Program changes that were expected never materialized.

Given that no significant savings were realized in the second year of transitioning to the new Provincial standards, the Staff should have taken more prudent action to determine whether savings were still possible. Transition money was being spent, and structural changes were not being made.

The reduction to Principals, Vice-Principals and school secretaries was designed to reflect the estimated savings that should result from closing nine (9) schools on June 30, 2000. The Board on February 24, 1999 approved the receipt of a report entitled *Pupil Accommodation Review: 2000 and Beyond*, which identified the need to close 30 schools over the next three (3) years. The Board decided that a maximum of ten (10) schools be closed in any given year. Only seven (7) schools were actually closed by September 2000.

3. Administration Reductions

The largest percentage of total reductions in the 2000-2001 budget were directed to the area of Board administration. The $26.5 million included:

a. Discretionary funds of $15 million. The items targeted included interest expense, legal and consulting fees and supply budgets;

b. Salary costs of $10 million;

c. Student bursary costs of $0.7 million; and

d. Outdoor education lease costs of $0.7 million.

All of the savings were realized. But, the efficiencies were offset by an increase in wages to Board administration staff of $2.5 million.

4. Transportation

Savings of $900,000 were expected due to signing a new transportation contract. The full savings were realized.

5. Pupil Accommodation

The planned school closures were expected to generate a total of $18.8 million in "savings". However, an amount of $16 million related to a new caretaker allocation formula and $2.8 million of "savings" related to operating costs of school closures. But, much of the "savings" represented leasing revenue that was charged to the continuing education department for shared use of the TDSB's facilities. Therefore, the "savings" were not "real" because the cash flow remained within TDSB.

Other Matters

During a February 16, 2000 budget committee meeting, a deposition was heard from a Trustee of Greater Essex County District (Windsor) School Board. The Trustee invited the TDSB to "back the Windsor Board in its decision to operate with a deficit by taking similar actions."

On March 17, 2000 the Budget committee heard three (3) depositions asking the committee to support a motion that was adopted by the Windsor Board to submit a deficit budget. A TDSB Trustee proposed the following motion:

a. That the TDSB commit itself, in principle, to refusing to make any further reductions in spending regardless of provincial funding; and

b. The Board's position be communicated immediately to the Minister of Education and all other School Boards in Ontario

The motion was defeated.

However, on March 29, 2000, at a regular Board meeting, the following motion was proposed and carried by the Board:

> "That, aside from reductions resulting from amalgamation, harmonization of programs and services, and prudent management decisions, the TDSB commit itself, in principle, to no more school closures or reductions to programs and services due to the inadequate allocations in the Provincial government's funding model. The motion was silent on the matter of negotiations with our employees…this is not intended to replace the collective bargaining process."

The motion was carried.

On December 6, 2000, the current Board of Trustees completed the declaration of office and oath of allegiance for the term beginning December 1, 2000.

Summary of Findings in 2001-2002

1. The Staff did not propose options to balance the budget. Instead, they recommended the use of working reserves to fund expenditures.

2. Approximately 45% of the total recommended savings were temporary and could be reinstated in future years. The recommendations appear to have been made to achieve a balanced budget and did not result in structural changes that would yield long-term savings.

Table 5 - 2001-2002 Staff-Recommended Budget Reductions/(Increases) Versus Board of Trustees-Approved Budget Reductions/(Increases)

Expenditure Category	Staff-Recommended Reductions (Increases)	Board of Trustees-Approved Budget Reductions (Increases)	% of total Reductions
CLASSROOM			
Classroom Teachers	$1,700,000	$1,700,000	2.39%
Occasional/Supply Teachers	3,000,000	3,000,000	4.23%
Teacher/Education Assistants	(1,500,000)	(1,500,000)	-2.11%
Classroom Computers	6,500,000	6,500,000	9.16%
Professionals and Para-professionals	4,100,000	4,100,000	
Subtotal	13,800,000	13,800,000	19.44%
NON-CLASSROOM			
Principals and Vice-Principals	540,000	540,000	
School Office – Secretarial and supplies	360,000	360,000	
Continuing Education	3,500,000	3,500,000	
Subtotal	4,400,000	4,400,000	
ADMINISTRATION			
Trustees	65,000	65,000	0.09%
Directors and Supervisory Officers	250,000	250,000	0.35%
Board Administration	25,432,000	25,432,000	35.82%
Subtotal	25,747,000	25,747,000	36.26%
PUPIL ACCOMMODATION			
Operations & Maintenance - Schools	27,050,000	27,050,000	38.10%
Subtotal	27,050,000	27,050,000	38.10%
Total	$70,997,000	$70,997,000	100.00%

Analysis

The 2001-2002 budgeted expenditures were based upon the 2000-2001 revised budgeted expenditures. Adjustments were made in various expenditure categories for all known and anticipated changes.

The 2001-2002 budget also reflects the receipt of a $27.2 million grant for Local Priorities. The dollars were apportioned to all labour cost accounts so as to fund negotiated wage settlements. A portion of the Local Priorities was also allocated to school operations to partially offset the increase in utility costs.

On June 21, 2001, the Trustees approved a motion to balance the 2001-2002 budget utilizing $16,545,656 of reserves.

1. Classroom Expenditures

Approximately 20% of the expected savings were directed towards classroom expenditures. The 20% of savings then were promptly offset by an increase in educational assistants that was recommended by the Staff. The increase in educational assistants was a result of an initiative to improve school safety for young children and to reduce the pupil-teacher ratio. The Board changed the allocation of educational assistants to JK, SK and schools that have special needs such as ESL, FSL, and urban school issues.

Approximately 9% of the year's expected efficiencies were budgeted for classroom computers by deferring the purchase of the computers. The Trustees intended to reinstate the expenditures when additional funds were received. Thus, the "savings" were of a temporary nature and would not produce permanent changes to enhance the efficiency of the Board's operations.

A $1.7 million reduction was expected for classroom teachers due to the reallocation of certain instructors to outdoor education. No net savings were produced since these adjustments simply reallocated costs within the TDSB's budget.

2. Non-Classroom Expenditures

The Staff proposed estimated savings of $12.2 million for the closure of 84 swimming pools. An alternate proposal estimated savings of approximately $4 million if 44 pools and related programs were closed. Both proposals were <u>not</u> approved because the budget committee suggested that further information was required in order to make a "sensible" decision. If accepted, the expected savings would have helped to balance the budget.

3. Administration

Approximately 40% of the total planned savings were directed to Board administration. Savings in Board administration costs were allocated among several categories. The Staff estimated that employee rationalization would generate savings of $9 million for the 2001-2002 period. It was also noted that certain costs were allocated to other categories that would result in costs being "recoverable". (Cost recoverable areas are departments that are able to charge fees to recover expenses.) From accounting and budgeting perspectives, the reallocation of costs does not provide savings.

Some cost savings were achieved by centralizing printing activities for all schools. Minutes of the Budget committee meeting (June 20, 2001), mention that reducing Board administration costs was essential in order to demonstrate to the Ministry that efforts were being made to decrease expenditures.

> "...This [Board administration] is one of the two categories [school operations was the other] that the Board must comply with if the TDSB is to have any credibility in its arguments for funding model improvements in a variety of areas (ie. LOG, school office costs, technology needs, etc.). In our opinion (the Staff), this is not an opinion area, we must comply with the funding model." (emphasis added)

4. Pupil Accommodation

School operations accounted for 38% of the total suggested savings. The Staff planned to eliminate at least 100 portables, which would result in savings of approximately $0.5 million. A total of 240 room closures were also planned, which were expected to yield estimated savings of $0.6 million. Approximately, $2.5 million in anticipated cost savings were expected if energy conservation measures were implemented. In addition, $1 million in savings were anticipated through bulk purchasing plans, standardization of materials and the installation of hand dryers.

The bulk of the expected efficiencies in school operations related to the rationalization of 240 maintenance staff. The Staff claim that the savings from maintenance staff were required to pay for expected increases in utility rates. Utility costs include natural gas, hydro, oil and steam and water and sewer costs. The Minutes of Budget Committee Meeting (June 20, 2001) stated:

> "...the increase in utility costs for 2001-2002 of about $18 million over prior year actuals continues to be the budget pressure for 2001-2002 unless the Ministry provides additional grants during the year...the reduction proposed in school maintenance to offset the $18 million will have consequences in terms of maintenance staff (about 240) and the condition of schools...Many boards of education are faced with the same issue and many of them will be reducing maintenance to both make a statement that this is a consequence of underfunding and in anticipation of an appropriate grant increase which will enable the reinstatement of some or all of the planned maintenance."

Other Matters

The Budget committee (June 21, 2001) reviewed several other matters and decided not to recommend the following savings:

a. $2.5 million in school budget allocation;
b. $600,000 to professionals and para-professionals;
c. $35 million in discretionary Board administration;
d. $12.2 million of swimming pool closures;
e. $3 million for executive officers and superintendents;
f. $2 million in administrative staff reductions;
g. $1 million in further energy conservation measures;
h. $1 million in nightly shutdown of computers;
i. $671,000 in virtual schools; and
j. $655,000 in knowledge networks.

According to Staff, $45 million of the foregoing recommendations were suggested by a Trustee without adequate supporting materials. Staff also noted that when subsequent analyses were performed of Trustee-proposed efficiencies, it was determined that the estimated savings could not be attained.

Table 6 - 2002-2003 Staff-Recommended Budget Reductions/(Increases) Versus Board of Trustees-Approved Budget Reductions/(Increases)

Expenditure Category	Staff-Recommended Reductions (Increases)	Board of Trustees-Approved Budget Reductions (Increases)	% of total reductions
CLASSROOM			
Occasional/Supply Teachers	$5,800,000		5.50%
Teacher/Education Assistants	2,500,000		2.37%
Textbook and Classroom Supplies	9,200,000		8.73%
Classroom Computers	10,700,000		10.15%
Professionals and Para-Professionals (Note 1)	12,250,000		11.62%
Staff Development	5,800,000		5.50%
Subtotal	46,250,000		43.89%
NON-CLASSROOM			
Principals and Vice-Principals	6,000,000		5.69%
School Office - Secretarial and Supplies	1,800,000		1.71%
Coordinators and Teacher Consultants	600,000		0.57%
Continuing Education, Summer School & International Language	6,750,000		6.41%
Subtotal	15,150,000		14.38%
ADMINISTRATION			
Board Administration	17,000,000		16.13%
Subtotal	17,000,000		16.13%
TRANSPORTATION			
Pupil Transportation			
Transportation to/from Provincial Schools	380,000		0.36%
Subtotal	380,000		0.36%
PUPIL ACCOMMODATION			
Operations & Maintenance - Schools (Note 2)	26,600,000		25.24%
Prior Capital			
Subtotal	26,600,000		25.24%
Total	$105,380,000	0	100.00%

Note (1) Professionals and Para-professionals	
Aquatics	$3,300,000
Attendance Counselors	1,200,000
Intake Workers	200,000
Itinerant Music Instructors	250,000
Lunchroom Supervisors	4,000,000
School Community Advisor	1,000,000
Youth Counselors	700,000
Supplies and Services	1,600,000
	$12,250,000

Note (2) : Operations & Maintenance - Schools	
Building Maintenance	$13,000,000
Waste Recycling	1,000,000
Portable Reduction	1,000,000
Utilities Reduction	2,100,000
Room Closures	1,000,000
Real Estate Leases	300,000
Permit Revenue	1,000,000
Permit Costs	200,000
Unfunded Pool Closures	7,000,000
	$ 26,600,000

The Staff prepared a report, dated April 14, 2002, entitled *"Expenditure and Revenue Forecast for 2002-2003 and 2003-2004."* The forecast reflected a projected revenue shortfall of about $123.5 million. After a General Legislative Grant announcement was made to increase the projected grant by $34 million, the budget shortfall was reduced to $89.5 million. The Staff presented the Budget on May 1, May 8 and May 15, 2002, which included the necessary measures to achieve a "Compliance Budget" for 2002-2003. The Staff's presentation outlined the consequences if the estimated savings were implemented.

On May 29, 2002, the Board of Trustees passed a unanimous vote:

a. To reject the TDSB compliance budget presented by the Staff, on May 29, 2002;

b. That the provincial government provide stability for students during the 2002-2003 school year by allowing School Boards to fund current service levels for students while the funding model is under review; and

c. That the Chair communicate this resolution and the supporting TDSB budget documentation to the Minister of Education, the Ontario Public School Boards Association, MPs, MPPs, City Councillors and the broader community.

The Trustees once again rejected a revised compliance budget on June 19, 2000. On June 26, 2002, the Board authorized the Director of Education, David Reid, to negotiate with the Ministry of Education to allow for the use of the remaining severance funds in the range of $45 million for 2002-2003 to preserve programs and services for students. An extension of 30 days was granted by the Ministry to balance the budget.

On June 26, 2002, a motion was approved by a vote of 12 to 10 to add expenditures to the 2002-2003 budget. The motion states, in part:

> "That the process of reducing sixty-two (62) special education teachers as part of teacher staffing allocation for 2002-2003 be stopped and that these staff be reinstated for September 2002."

The draft Minutes recognize that the effect of increasing expenditures caused the deficit to increase from $89.5 million to $93.5 million.

The Staff provided the Board with several recommendations to balance the budget. All were defeated.

Summary

The four year period commencing with 1998-1999 began with some attempts to achieve savings. Then, the TDSB governance pattern switched to not addressing real savings but shifting dollars here and there, with no consequent effects on the overall TDSB cash picture. Next, the Trustees simply ceased entertaining savings proposals, including voting for the rejection of school closures.

Overall, insufficient structural changes were being made by the TDSB's Staff and Trustees. Yet, $912 million of transitional dollars were being spent for other than the intended purpose of allowing the TDSB to adjust its operations to reflect the Ontario-wide education standards.

TORONTO DISTRICT SCHOOL BOARD

STAFF-PROPOSED COMPLIANCE BUDGET 2002-2003 (May 2002)

Ministry Allocation vs. Forecast Expenditures

	(A) Ministry Grant Allocation	(B) Expenditures Before Reductions	(C) Proposed Reductions	(D) = (B) - (C) Compliance Budget (May 2002)	(E) = (B)-(D) Variance
Classroom Expenditures:					
Classroom Teachers	$944,132,538	$945,482,709		$945,482,709	$1,350,171
Supply Teachers	$30,121,725	$34,684,357	$4,600,000	$30,084,357	($37,368)
Teacher Assistants	$66,554,014	$76,651,776		$76,651,776	$10,097,762
Textbook and Classroom Supplies	$61,746,538	$67,320,000	$9,200,000	$58,120,000	($3,626,538)
Computers	$15,427,056	$29,700,000	$10,700,000	$19,000,000	$3,572,944
Professional & Para-professionals	$50,198,284	$62,513,798	$4,300,000	$58,213,798	$8,015,514
Library & Guidance	$46,854,514	$44,532,724		$44,532,724	($2,321,790)
Staff Development	$5,469,605	$11,322,000	$5,800,000	$5,522,000	$52,395
Sub-total	$1,220,504,274	$1,272,207,364	$34,600,000	$1,237,607,364	$17,103,090
Non-Classroom Expenditures					
Preparation Time	$114,490,836	$115,683,200		$115,683,200	$1,192,364
Principals and Vice-Principals	$89,476,860	$99,753,243	$6,000,000	$93,753,243	$4,276,383
Department Heads	$3,280,548	$7,240,600		$7,240,600	$3,960,052
School Office - Secretarial Supplies	$45,707,212	$74,624,936	$4,772,292	$69,852,644	$24,145,432
Teacher Consultants	$21,523,444	$23,628,471	$600,000	$23,028,471	$1,505,027
Board Administration and Governance	$53,587,156	$73,901,693	$20,314,537	$53,587,156	$0
School Operations	$221,852,506	$246,357,945	$27,000,000	$219,357,945	($2,494,561)
Continuing Education	$34,745,217	$49,115,619	$5,550,000	$43,565,619	$8,820,402
Transportation	$36,144,978	$30,213,950		$30,213,950	($5,931,028)
Sub-total	$620,808,757	$720,519,657	$64,236,829	$656,282,828	$35,474,071
TOTAL	$1,841,313,031	$1,992,727,021	$98,836,829	$1,893,890,192	$52,577,161
2002-2003 Grant Adjustment	$34,026,093				$34,026,093
Board Administration - (final phase of reduction to occur for September 2003)			($9,314,537)	$9,314,537	$9,314,537
School Renewal	$40,055,339	$40,055,339		$40,055,339	
Debt Service Costs	$51,773,977	$51,773,977		$51,773,977	
TOTAL EXPENDITURES	$1,875,339,124	$1,992,727,021	$89,522,292	$1,903,204,729	$27,865,605

(Budget Deficit - See Appendix D)

Transfer From Mitigation Funds	($27,865,605)
2002-2003 Shortfall	$0

TORONTO DISTRICT SCHOOL BOARD

STAFF-PROPOSED COMPLIANCE BUDGET 2002-2003 (May 2002)

Ministry Allocation vs. Forecast Expenditures

	(A) Ministry Grant Allocation	(B) Expenditures Before Reductions	(C) Proposed Reductions	(D) = (B) - (C) Compliance Budget (May 2002)	(E) = (B)-(D) Variance
Classroom Expenditures:					
Classroom Teachers	**$944,132,538**	**$945,482,709**		**$945,482,709**	**$1,350,171**
Supply Teachers	$30,121,725	$34,684,357	$4,600,000	$30,084,357	($37,368)
Teacher Assistants	**$66,554,014**	**$76,651,776**		**$76,651,776**	**$10,097,762**
Textbook and Classroom Supplies	$61,746,538	$67,320,000	$9,200,000	$58,120,000	($3,626,538)
Computers	**$15,427,056**	**$29,700,000**	**$10,700,000**	**$19,000,000**	**$3,572,944**
Professional & Para-professionals	$50,198,284	$62,513,798	$4,300,000	$58,213,798	$8,015,514
Library & Guidance	**$46,854,514**	**$44,532,724**		**$44,532,724**	**($2,321,790)**
Staff Development	$5,469,605	$11,322,000	$5,800,000	$5,522,000	$52,395
Sub-total	$1,220,504,274	$1,272,207,364	$34,600,000	$1,237,607,364	$17,103,090
Non-Classroom Expenditures					
Preparation Time	**$114,490,836**	**$115,683,200**		**$115,683,200**	**$1,192,364**
Principals and Vice-Principals	$89,476,860	$99,753,243	$6,000,000	$93,753,243	$4,276,383
Department Heads	**$3,280,548**	**$7,240,600**		**$7,240,600**	**$3,960,052**
School Office - Secretarial Supplies	$45,707,212	$74,624,936	$4,772,292	$69,852,644	$24,145,432
Teacher Consultants	**$21,523,444**	**$23,628,471**	**$600,000**	**$23,028,471**	**$1,505,027**
Board Administration and Governance	$53,587,156	$73,901,693	$20,314,537	$53,587,156	$0
School Operations	**$221,852,506**	**$246,357,945**	**$27,000,000**	**$219,357,945**	**($2,494,561)**
Continuing Education	$34,745,217	$49,115,619	$5,550,000	$43,565,619	$8,820,402
Transportation	**$36,144,978**	**$30,213,950**		**$30,213,950**	**($5,931,028)**
Sub-total	$620,808,757	$720,519,657	$64,236,829	$656,282,828	$35,474,071
TOTAL	**$1,841,313,031**	**$1,992,727,021**	**$98,836,829**	**$1,893,890,192**	**$52,577,161**
2002-2003 Grant Adjustment	$34,026,093				$34,026,093
Board Administration - (final phase of reduction to occur for September 2003)			($9,314,537)	$9,314,537	$9,314,537
School Renewal	$40,055,339	$40,055,339		$40,055,339	
Debt Service Costs	$51,773,977	$51,773,977		$51,773,977	
TOTAL EXPENDITURES	**$1,875,339,124**	**$1,992,727,021**	**$89,522,292**	**$1,903,204,729**	**$27,865,605**

(Budget Deficit - See Appendix D)

Transfer From Mitigation Funds	($27,865,605)
2002-2003 Shortfall	$0

PREAMBLE TO APPENDIX D

Appendices D, D1 and D2 analyze the Staff-recommended cost savings that were proposed as part of the May 17, 2002 and May 22, 2002 budgets. The Staff's proposals were designed to address the projected 2002-2003 deficit (at that time) of approximately $89.5 million. The Appendices include our analysis of the efficiency alternatives that have been recommended by TDSB Staff. Due to the delayed implementation of the Staff's recommendations and certain logistical realities, the entire amount of the Staff's estimated savings will not be available for 2002-2003. Thus, we have also performed an analysis of the savings should be realizable in the 2002-2003 school year. Appendix D provides a summary of the projected budget deficit and the Staff-recommended savings. Appendix D1 sets out a detailed summary of our assessment of the Staff's recommended savings that are realizable in 2002-2003 and 2003-2004, given the delayed implementation thereof. Appendix D2 includes an analysis of the annualized savings that should be available in subsequent years.

We understand that in the early stages of the 2002-2003 budget process, the projected budget deficit was as high as $123 million. However, General Legislative Grants of approximately $34 million were announced in May 2002, which effectively reduced to the budget deficit to approximately $89.5 million. As part of the budget process, the Staff considered over $100 million in total budget savings for 2002-2003 and an additional $64 million in cost savings for 2003-2004, as shown in the first two columns of Appendix D1. The Staff also prioritized the efficiency initiatives, indicating which measures should be implemented in priority over others.

In June and July 2002, the Staff prepared another set of estimates that addressed only $45 million in budget savings. These estimates assumed that $45 million, from TDSB's restructuring-severance funds, would be made available for operating purposes. The Staff have advised us that the expected balance in the restructuring-severance fund, as at August 30, 2002, is $48 million. These dollars were provided to TDSB specifically for staff restructuring costs. A change in the use of the funds would have to be authorized by

the Minister. We have not considered the June or July versions of the TDSB's estimates in our investigation, because they are technically deficit budgets. We have also assumed that the restructuring-severance funds will not be released for general operating use.

In the June 26, 2002 Board budget meeting, the Trustees voted to amend the compliance budget to reinstate approximately $4 million in Special Education expenditures. These expenditures relate to 62 FTE Special Education teacher positions. The amendment to the compliance budget effectively increased the budget deficit from $89.5 million to $93.5 million. There is some uncertainty among the Staff as to whether the $4 million increase in Special Education expenditures was properly approved. It may simply have the same status as the Staff's efficiency recommendations that are included in our Appendix D. (i.e., being part of an unapproved budget.) We understand that TDSB Staff has not yet moved to hire the 62 special education teachers. We have also been advised that it is unlikely that 62 FTE Special Education teachers can be found for the start of the school year.

Summary of Appendices D, D1, D2 and Related Exhibits

The Exhibits that are attached to Appendix D discuss each recommended savings area. The Exhibits provide a description of the spending category, a description of the Staff's recommendation, an analysis of the feasibility of the proposal, a summary of the consequences of implementation, our estimate of the outplacement (severance) costs, and our recommendation. The results of our recommendations and our estimate of the realizable savings for 2002-2003 and 2003-2004 are also set out in Appendix D1.

In summary, we have estimated that approximately $73 million of savings can be realized if the TDSB implements the recommendations that are set forth in the Exhibits (which are primarily based upon the Staff's own recommendations). The $73 million in estimated savings would effectively reduce the budget deficit to approximately $20 million. Appendix F explores other cost saving opportunities that could potentially serve to

balance the 2002-2003 budget. In Appendix F, we have identified additional efficiency opportunities of approximately $20.8 million.

Staff Prioritization of Targeted Savings

Appendix D1 includes the Staff's prioritization of the expenditure categories that they would target first to realize the necessary cost savings. This ranking of preference was performed at our request, in the event that the restructuring-severance funds were made available by the Minister. For example, if the amount of required savings were $50 million, and not $93.5 million, then the TDSB could begin from the top of the list and implement the necessary efficiencies until $50 million worth of cost savings had been achieved In such a scenario, Staff-recommended areas such as Outdoor Education or Educational Assistants may not be impacted, as they are low on the Staff's reduction priority list. We do not necessarily agree with the Staff's prioritization analysis. For example, in our opinion, the TDSB's Outdoor Education program, which is not recognized within the Provincial education model, should not be given priority over reductions in areas such as building maintenance and school budgets. We note that the Staff's prioritization is consistent with their historical preference to extract savings in areas that directly impact classroom instruction, rather than eliminate programs that are not consistent with the Provincial education model.

Outplacement Costs/Severance Issues

In the process of investigating the Staff's efficiency proposals, we noted that outplacement or severance costs had not been factored into Staff's estimated budget savings. The TDSB Staff advised us that in May 2002, when the estimates were prepared, many of the outplaced positions could have reasonably been absorbed through retirements and staff turnover. Thus, in their opinion, material outplacement costs or severance costs were not expected. Staff also informed us that they could not reasonably estimate the extent of outplacement costs at that time.

Our analysis in Appendix D and the related Exhibits includes our assessment of the expected outplacement costs from eliminating certain employees. Our estimate of the realizable savings for 2002-2003 and 2003-2004, in Appendix D1, is net of the estimated outplacement costs related to each expenditure area that was investigated.

Appendix E provides an analysis of each Staff recommendation that involves the rationalization of jobs. The Appendix summarizes the projected cost savings and our estimate of the related outplacement costs. Since most of the Staff-recommended proposals are expected to be implemented in September 2002, it will be very difficult to absorb displaced employees through retirements or vacancies. Many employee groups have certain rights attached to their collective bargaining agreements, such as "bumping" and transfer rights. The process of exercising such rights may take several months. For example, if an employee is provided with notice of a job reduction plan, the "bumping" rights allow an employee to "bump" another employee of lower seniority from her or his position, assuming that there is a match of skills. Therefore, the Staff believe that it may be more efficient to offer employees a reasonable severance package or an early leaving plan (ELP) as incentive to depart immediately, so that the cost savings can be immediately realized. Appendix G provides a detailed discussion of various collective agreements and union issues. Of particular importance is the TDSB's flexibility in offering a severance package or an ELP for a particular employee.

In order to estimate the outplacement costs, we held discussions with various TDSB Staff, including members of the Human Resources department. We also reviewed certain collective bargaining agreements. For the most part, we relied upon the opinions and representations of TDSB Human Resources Staff. We tended to be careful in our estimate of the expected outplacement costs, which had the effect of reducing possible savings. Appendix E shows that the total estimated outplacement or severance costs relating to the recommended efficiencies are approximately $19.6 million in 2002-2003, and $23 million in 2003-2004, for a total of $42.7 million over the two years.

Our estimates of the outplacement costs that will likely be incurred by the TDSB have been reduced by the amounts that will be paid from the restructuring-severance fund. In 1998, the Ministry provided the TDSB with over $70 million in restructuring funds to facilitate staff restructuring efforts. The restructuring-severance fund would pay up to a maximum of six months of an exiting employee's salary. As of August 2002, approximately $48 million of the reserve funds remain. We have assumed that the TDSB would be able to use the reserve funds to finance up to six month's salary in outplacement costs. We recognize that the reserve funds expire on August 31, 2003. We have assumed that the 2003-2004 efficiency initiatives will be implemented by early Summer 2003, so that the restructuring-severance funds can be used before they expire.

According to the summary analysis at the bottom of Appendix E, we have estimated that a total of $16.5 million will be used from the reserve fund in 2002-2003 in order to cover outplacement costs. A further $12 million will be used for 2003-2004. Thus, we expect that approximately $20 million of the reserve fund will remain unutilized as of August 31, 2003.

Appendix E and the related Exhibits (part of Appendix D Exhibits) describe how the severance costs were estimated for each employee group. In all of our estimates, we have computed outplacement costs as a function of salary costs only (benefits have been excluded). In general, for all of the employee groups that will be offered a severance package, we have estimated that the TDSB will have to incur costs that are equivalent to approximately six month's salary. If the employee groups are likely to be offered an Early Leaving Plan ("ELP"), then we have assumed that TDSB would incur severance costs that are equal to one year's salary. If the employee group is likely to be offered a work reduction plan (WRP), we have assumed that the severance costs would likely be equivalent to one year's salary.

The outplacement costs or severance costs are difficult to estimate because most of the Staff reductions have not been specifically identified. The method by which the TDSB will choose to effect the job rationalizations also has not been determined by the Human

Resources Staff. Therefore, we have had to rely on TDSB's representations. In most cases we were cautious in our estimates, tending to favour a worst-case scenario.

Our Estimate of Recurring Savings in 2003-2004 and 2004-2005

Appendix D2 includes our estimate of the recurring annual savings that will be realized by the TDSB as a result of implementing the proposed efficiency initiatives. Due to the delayed implementation and costs of implementation, much of the savings will be realized in future years. We have estimated that if all of the recommended savings were implemented in 2002-2003 and 2003-2004, the TDSB would realize approximately $140 million in savings in 2003-2004 and $160 million in 2004-2005. Extensive efficiency initiatives must be introduced in the 2002-2003 school year because of the delay in realizing the benefits thereof.

Many of the Staff's recommended savings are not structural changes that will allow for permanent efficiencies. Rather, many of the proposals are merely cost deferrals, such as reductions to the maintenance, classroom computers, and school budgets. At some point, costs will have to be incurred, for example, to replace computers.

We recognize that if all of our recommendations were to be introduced, the extent of the budget reductions would be extensive. However, such measures are required because of shortage of time available to rectify the financial situation of the TDSB.

The Impact of Estimated Wage Increases on the Compliance Budget

The Staff's compliance budget does not factor wage increases into any of the TDSB's employee groups. The Staff rationalizes that the TDSB cannot afford to provide salary increases to any employee group for the 2002-2003 school year. The TDSB's bargaining position with all of its unions will be a 0% wage increase.

In our assessment, and in all probability, a bargaining stance of 0% wage increase will be difficult to achieve. The TDSB may have to pay anywhere from 0.5% to a 2% wage

increase to avoid work stoppages. It is difficult for us, and beyond the scope of our investigation, to predict what will occur in respect of the wage increases. However, we have estimated that each 1% wage increase would escalate expenditures for 2002-2003 by $16.5 million. Hence, a 2% wage increase would effectively increase the budget deficit by $33 million. Our rough estimates are based on a $2 billion budget, and the Staff's representation that the salary-related expenditures represent approximately 82.5% of TDSB total budget.

TORONTO DISTRICT SCHOOL BOARD

SUMMARY ANALYSIS OF THE TDSB BUDGET DEFICIT AND STAFF-RECOMMENDED SAVINGS

(in millions)

2002-2003 Budget Deficit As of May 2002	$89.50 *
Plus: Trustee-Approved Amendment To The Compliance Budget To Increase 2002-2003 Special Education Expenditures (June 26, 2002 Minutes) *(See Appendix H)*	$4.00
2002-2003 Revised Budget Deficit (After July 26, 2002)	$93.50
Less: Staff-Recommended Savings That Are Realizable in 2002-2003 *(See Appendix D1)*	$73.59
2002-2003 Revised Budget Deficit After Considering Our Assessment of the Realizable Savings in Appendix D1	$19.91
Less: Additional Cost Savings Identified *(See Appendix F)*	$20.25
Remaining 2002-2003 Budget Deficit After Consideration Of The Additional Cost Savings Identified in Appendix F	-

* TDSB's forecast expenditures in 2002-2003 do not include a factor for potential wage increases. With the assistance of Staff, we have estimated that a 1% increase in salaries would cause the budget deficit to increase by approximately $16.5 million. Calculated as: [($2 billion in expenditures *times* portion of expenditures related to salaries of 82.5%) *times* 1% wage increase]

ANALYSIS OF STAFF-RECOMMENDED SAVINGS

(in millions)

Exhibit Number	Priority As Determined By TDSB Staff	Expenditure Category	2002-2003 Savings Recommended By TDSB Staff	2003-2004 Savings Recommended By TDSB Staff	2002-2003 Realizable Savings Per Our Analysis	2003-2004 Realizable Savings Per Our Analysis
1	1	Board Administration	$13.00	$7.30	$4.23	$1.16
2	2	Building Maintenance	$13.00	$6.50	$13.00	$6.50
3	3	Principals/Vice-Principals	$6.00	$3.80	$5.65	$3.80
4	4	Utilities	$2.10	$0.00	$1.00	$0.00
5	5	Waste Removal	$1.00	$5.60	$1.00	$0.00
6	6	Room Closures	$1.00	$0.00	$0.00	$1.00
7	7	Portables	$1.00	$0.50	$0.00	$0.50
8	8	Permit Revenue	$1.00	$0.00	$0.67	$1.00
9	9	Permit Costs	$0.20	$0.00	$0.20	$0.00
10	10	Real Estate Leases	$0.30	$0.00	$0.30	$0.30
11	11	Teacher Consultants	$0.60	$3.40	$0.60	$3.40
12	12	Classroom Computers	$10.70	$0.00	$8.92	$0.00
13	13	Continuing Education:Adult Education	$0.80	$0.00	$0.80	$0.00
14	14	Continuing Education:Credit Program Delivery	$4.00	$3.00	$4.20	$2.70
15	15	Transportation	$0.42	$0.00	$0.42	$0.00
16	16	Staff Development	$5.80	$0.00	$5.80	$0.00
17	17	Occasional Teachers	$4.60	$0.00	$4.60	$0.00
18/19	18	School Budgets - School Control	$5.00	$0.00	$5.00	$0.00
18/19	19	School Budgets - Non-School Control	$4.20	$0.00	$4.20	$0.00
20	20	School Office Supplies	$1.80	$0.00	$1.80	$0.00
21	21	School Community Advisors	$1.00	$0.00	$0.35	$0.00
22	22	Intake Workers	$0.20	$0.00	$0.04	$0.00
23	23	Supplies Paraprofessional	$1.60	$0.80	$1.60	$0.80
24	24	Aquatics/Pools	$10.70	$0.00	$6.17	$0.00
25	25	Lunchroom Supervisors	$4.00	$4.20	$1.80	$0.00
26	26	Secretarial Services	$4.00	$2.60	($1.75)	($0.40)
27	27	Continuing Education: Parenting and Family Literacy	$0.50	$1.50	$1.67	$0.00
28	28	International Languages Elementary	$0.75	$0.40	$0.91	$0.13
29	29	Elementary Academic Summer School - gr. 3 to 6	$0.70	$0.00	$0.70	$0.00
30	30	Youth Counsellors	$0.70	$0.00	($0.06)	$0.00
31	31	Attendance Counsellors	$1.20	$0.30	($0.10)	$0.36
32	32	Educational Assistants	$2.50	$8.00	($0.25)	$1.60
33	33	Itinerant Music Instructors	$0.25	$3.40	$0.08	$2.00
34	34	Parking Revenue	$0.00	$1.60	$0.00	$0.00
35	35	Summer Programs	$0.00	$2.60	$0.00	$0.00
36	36	School Closures	$0.00	$5.70	$0.00	$3.50
37	37	Hall Monitors	($2.10)	$0.00	($2.10)	$0.00
38	38	Outdoor Education	$0.00	$6.30	$2.15	$6.65
		Total	$102.52	$67.50	$73.59	$35.00

Note: Appendix D2 includes our analysis of the annualized savings that will be realized in 2003-2004 and 2004-2005 if the feasible Staff-recommended savings for 2002-2003 and 2003-2004 were implemented.

ANALYSIS OF STAFF-RECOMMENDED SAVINGS

(in millions)

Exhibit Number	Priority As Determined By TDSB Staff	Expenditure Category	2002-2003 Savings Recommended By TDSB Staff	2003-2004 Savings Recommended By TDSB Staff	2002-2003 Realizable Savings Per Our Analysis	2003-2004 Realizable Savings Per Our Analysis
1	1	Board Administration	$13.00	$7.30	$4.23	$1.16
2	2	Building Maintenance	$13.00	$6.50	$13.00	$6.50
3	3	Principals/Vice-Principals	$6.00	$3.80	$5.65	$3.80
4	4	Utilities	$2.10	$0.00	$1.00	$0.00
5	5	Waste Removal	$1.00	$5.60	$1.00	$0.00
6	6	Room Closures	$1.00	$0.00	$0.00	$1.00
7	7	Portables	$1.00	$0.50	$0.00	$0.50
8	8	Permit Revenue	$1.00	$0.00	$0.67	$1.00
9	9	Permit Costs	$0.20	$0.00	$0.20	$0.00
10	10	Real Estate Leases	$0.30	$0.00	$0.30	$0.30
11	11	Teacher Consultants	$0.60	$3.40	$0.60	$3.40
12	12	Classroom Computers	$10.70	$0.00	$8.92	$0.00
13	13	Continuing Education:Adult Education	$0.80	$0.00	$0.80	$0.00
14	14	Continuing Education:Credit Program Delivery	$4.00	$3.00	$4.20	$2.70
15	15	Transportation	$0.42	$0.00	$0.42	$0.00
16	16	Staff Development	$5.80	$0.00	$5.80	$0.00
17	17	Occasional Teachers	$4.60	$0.00	$4.60	$0.00
18/19	18	School Budgets - School Control	$5.00	$0.00	$5.00	$0.00
18/19	19	School Budgets - Non-School Control	$4.20	$0.00	$4.20	$0.00
20	20	School Office Supplies	$1.80	$0.00	$1.80	$0.00
21	21	School Community Advisors	$1.00	$0.00	$0.35	$0.00
22	22	Intake Workers	$0.20	$0.00	$0.04	$0.00
23	23	Supplies Paraprofessional	$1.60	$0.80	$1.60	$0.80
24	24	Aquatics/Pools	$10.70	$0.00	$6.17	$0.00
25	25	Lunchroom Supervisors	$4.00	$4.20	$1.80	$0.00
26	26	Secretarial Services	$4.00	$2.60	($1.75)	($0.40)
27	27	Continuing Education: Parenting and Family Literacy	$0.50	$1.50	$1.67	$0.00
28	28	International Languages Elementary	$0.75	$0.40	$0.91	$0.13
29	29	Elementary Academic Summer School - gr. 3 to 6	$0.70	$0.00	$0.70	$0.00
30	30	Youth Counsellors	$0.70	$0.00	($0.06)	$0.00
31	31	Attendance Counsellors	$1.20	$0.30	($0.10)	$0.36
32	32	Educational Assistants	$2.50	$8.00	($0.25)	$1.60
33	33	Itinerant Music Instructors	$0.25	$3.40	$0.08	$2.00
34	34	Parking Revenue	$0.00	$1.60	$0.00	$0.00
35	35	Summer Programs	$0.00	$2.60	$0.00	$0.00
36	36	School Closures	$0.00	$5.70	$0.00	$3.50
37	37	Hall Monitors	($2.10)	$0.00	($2.10)	$0.00
38	38	Outdoor Education	$0.00	$6.30	$2.15	$6.65
		Total	$102.52	$67.50	$73.59	$35.00

Note: Appendix D2 includes our analysis of the annualized savings that will be realized in 2003-2004 and 2004-2005 if the feasible Staff-recommended savings for 2002-2003 and 2003-2004 were implemented.

TORONTO DISTRICT SCHOOL BOARD **SCHEDULE TO APPENDIX D2**

ANALYSIS OF ANNUAL SAVINGS IF ALL FEASIBLE RECOMMENDATIONS ARE IMPLEMENTED IN 2002-2003 AND 2003-2004

(in millions)

Exhibit Number	Priority As Determined By TDSB Staff Staff	Expenditure Category	2003-2004 Total Annualized Savings	2004-2005 Total Annualized Savings
1	1	Board Administration	$12.66	$20.30
2	2	Building Maintenance	$19.50	$19.50
3	3	Principals/Vice-Principals	$9.45	$9.45
4	4	Utilities	$1.00	$1.00
5	5	Waste Removal	$1.00	$1.00
6	6	Room Closures	$1.00	$1.00
7	7	Portables	$0.50	$0.50
8	8	Permit Revenue	$1.00	$1.00
9	9	Permit Costs	$0.20	$0.20
10	10	Real Estate Leases	$0.60	$0.60
11	11	Teacher Consultants	$4.00	$4.00
12	12	Classroom Computers	$10.70	$10.70
13	13	Continuing Education:Adult Education	$0.80	$0.80
14	14	Continuing Education:Credit Program Delivery	$6.90	$6.90
15	15	Transportation	$0.42	$0.42
16	16	Staff Development	$5.80	$5.80
17	17	Occasional Teachers	$4.60	$4.60
18/19	18	School Budgets - School Control	$5.00	$5.00
18/19	19	School Budgets - Non-School Control	$4.20	$4.20
20	20	School Office Supplies	$1.80	$1.80
21	21	School Community Advisors	$1.12	$1.12
22	22	Intake Workers	$0.20	$0.20
23	23	Supplies Para-professional	$2.40	$2.40
24	24	Aquatics/Pools	$10.70	$10.70
25	25	Lunchroom Supervisors	$8.00	$8.00
26	26	Secretarial Services	$5.10	$5.50
27	27	Continuing Education: Parenting and Family Literacy	$1.67	$1.67
28	28	International Languages Elementary	$1.14	$1.14
29	29	Elementary Academic Summer School - gr. 3 to 6	$0.70	$0.70
30	30	Youth Counsellors	$0.70	$0.70
31	31	Attendance Counsellors	$1.50	$1.50
32	32	Educational Assistants	$4.10	$10.50
33	33	Itinerant Music Instructors	$2.25	$3.65
34	34	Parking Revenue	$0.00	$0.00
35	35	Summer Programs	$0.00	$0.00
36	36	School Closures	$3.50	$8.00
37	37	Hall Monitors	($2.10)	($2.10)
38	38	Outdoor Education	$6.65	$6.65
		Total	$138.76	$159.10

TORONTO DISTRICT SCHOOL BOARD **SCHEDULE TO APPENDIX D2**

ANALYSIS OF ANNUAL SAVINGS IF ALL FEASIBLE RECOMMENDATIONS ARE IMPLEMENTED IN 2002-2003 AND 2003-2004

(in millions)

Exhibit Number	Priority As Determined By TDSB Staff Staff	Expenditure Category	2003-2004 Total Annualized Savings	2004-2005 Total Annualized Savings
1	1	Board Administration	$12.66	$20.30
2	2	Building Maintenance	$19.50	$19.50
3	3	Principals/Vice-Principals	$9.45	$9.45
4	4	Utilities	$1.00	$1.00
5	5	Waste Removal	$1.00	$1.00
6	6	Room Closures	$1.00	$1.00
7	7	Portables	$0.50	$0.50
8	8	Permit Revenue	$1.00	$1.00
9	9	Permit Costs	$0.20	$0.20
10	10	Real Estate Leases	$0.60	$0.60
11	11	Teacher Consultants	$4.00	$4.00
12	12	Classroom Computers	$10.70	$10.70
13	13	Continuing Education:Adult Education	$0.80	$0.80
14	14	Continuing Education:Credit Program Delivery	$6.90	$6.90
15	15	Transportation	$0.42	$0.42
16	16	Staff Development	$5.80	$5.80
17	17	Occasional Teachers	$4.60	$4.60
18/19	18	School Budgets - School Control	$5.00	$5.00
18/19	19	School Budgets - Non-School Control	$4.20	$4.20
20	20	School Office Supplies	$1.80	$1.80
21	21	School Community Advisors	$1.12	$1.12
22	22	Intake Workers	$0.20	$0.20
23	23	Supplies Para-professional	$2.40	$2.40
24	24	Aquatics/Pools	$10.70	$10.70
25	25	Lunchroom Supervisors	$8.00	$8.00
26	26	Secretarial Services	$5.10	$5.50
27	27	Continuing Education: Parenting and Family Literacy	$1.67	$1.67
28	28	International Languages Elementary	$1.14	$1.14
29	29	Elementary Academic Summer School - gr. 3 to 6	$0.70	$0.70
30	30	Youth Counsellors	$0.70	$0.70
31	31	Attendance Counsellors	$1.50	$1.50
32	32	Educational Assistants	$4.10	$10.50
33	33	Itinerant Music Instructors	$2.25	$3.65
34	34	Parking Revenue	$0.00	$0.00
35	35	Summer Programs	$0.00	$0.00
36	36	School Closures	$3.50	$8.00
37	37	Hall Monitors	($2.10)	($2.10)
38	38	Outdoor Education	$6.65	$6.65
		Total	$138.76	$159.10

APPENDIX D
EXHIBIT 1

BOARD ADMINISTRATION

1. Existing Situation

TDSB 2002-2003 Budget Forecast	$73.9 million
Staff-Recommended Savings	$13.0 million (2002-2003) $7.3 million (2003-2004)
Our Recommended Savings (Full Year)	$11.5 million (2002-2003) $9.3 million (2003-2004)
Our Estimate of Realizable Savings	$4.2 million (2002-2003) $1.16 million (2003-2004)

2. Description

Board Administration captures costs that are incurred for administration and governance activities, including the costs of operating School Board offices and central facilities. Board Administration also includes all centrally based expenditures such as superintendent costs, supervisory officers, administrative support, business services department costs, human resources department costs, and facility services administrative costs.

The Education Act specifies that a Board's net administration and governance expenditures cannot exceed its grant allocation. Therefore, for every dollar of over-expenditure in Board Administration, an equal dollar amount must be removed elsewhere to cover this over-expenditure. Since 1998, the TDSB has over-spent the allocated funding for Board Administration each year.

In 1998, seven School Boards were amalgamated into the TDSB. The amalgamation of seven different administrative structures should have created significant efficiency opportunities. The TDSB has made some reductions to Board Administration since 1998. However, it seems that the full extent of the available efficiencies have not been realized.

3. Staff-Recommended Savings

As part of the 2002-2003 budget process, the Staff recommended a significant change to the organizational design of Board Administration. TDSB's Director of Education proposed a "new operating model" for Board Administration that would achieve significant cost savings.

The operation of a transition-based system has not complied with the funding formula provided by the Province. TDSB has made some reductions to Board Administration since 1998. However, the Staff acknowledges that additional reductions are required to reduce expenditures for administration, and to improve the operation and accountability of the current system.

The Staff proposed a "new model" that would see the number of executives and supervisory officers reduced from 48 positions to a total of 38 positions. The elimination of 10 executives would necessitate a restructuring in various central departments such as Facility Services, Business Services, Instruction and Academic Accountability, Information Technology and Human Resources.

Initially, TDSB Staff thought that they could achieve $13 million in Board Administration reductions in 2002-2003 and an additional $7.3 million in reductions for 2003-2004. However, upon further analysis, they revised their target to about $11 million in 2002-2003 and to $9.3 million in 2003-2004.

The new organizational design would commence with the elimination of salaries and benefits of executives and supervisory officers. A "trickle-down" effect would occur,

and result in a total elimination of approximately 237 FTE positions in 2002-2003, for estimated cost savings of $8.2 million. Staff has not identified the necessary amount of job eliminations that should occur in 2003-2004, to achieve the total estimated cost savings of approximately $7.3 million. To date, only $2.5 million of the expected savings of $8.2 million for 2002-2003 have been implemented.

The Staff also recommended a reduction in the operating budgets of the various central departments, which should result in additional estimated cost savings of approximately $3.3 million for the 2002-2003 school year. Schedule 1 to this Exhibit identifies the specific job reductions in the various departments within Board Administration, and the proposed reductions to the various operating budgets.

In summary, the Staff has now recommended a budget reduction in 2002-2003 (based on their revised estimates) of approximately $11.5 million ($8.2 million in salaries plus $3.3 million in reductions to operating budgets), and a budget reduction of $9.3 million for 2003-2004. The TDSB Staff has not yet developed a specific plan to achieve the anticipated $9.3 million in budget reductions for 2003-2004.

Trustee Approval

According to TDSB Staff, in April 2002, the Trustees approved the Staff's recommendation to develop a new organizational design for Board Administration. However, the Trustees were not provided with a specific and thorough proposal of all of the job eliminations that would be required to complete the reorganization and to achieve the expected cost savings. At this point in time, it is not clear whether the Board Administration expenditure reductions were specifically approved by the Trustees. The plan may simply be part of the 2002-2003 compliance budget that has not yet been approved. As a result, some of the Staff have expressed uncertainty as to whether the full extent of the new organizational model was approved by the Trustees. The Staff does not know to what extent the TDSB has authority to complete the entire proposal that would achieve a total of $11.5 million in cost savings for the 2002-2003 school year.

Nevertheless, the TDSB has proceeded to implement the new organizational model and has already eliminated many positions according to their plan.

4. Feasibility

TDSB Staff has proceeded to implement the new organizational design to the Board Administration departments, in accordance with their detailed plan that is included in Schedule 1 to this Exhibit. TDSB Staff was not able to precisely identify to what extent the new organizational design had already been implemented. According to TDSB Staff estimates, it appears that $2.5 million of the $8.2 million in salary reductions have already been implemented. The associated outplacement costs from the elimination of the $2.5 million in salaries was incurred in the 2001-2002 school year.

Based on our discussion with TDSB Staff regarding the feasibility of implementing the first phase of the proposed plan for the beginning of the 2002-2003 school year, it appears that the entire plan could not be fully implemented by September 2002. According to TDSB Staff, many of the personnel who are in jobs that are likely to be eliminated, in accordance with the new plan, have not been given notice. Many of the newly-created jobs have not yet been posted. TDSB Staff estimates that the proposed new organizational design probably cannot be fully implemented until late November or early December 2002. TDSB Staff provided the following reasons for such delays: the need to provide employees with proper notice; the need to post the availability of any newly created jobs; the need to interview candidates to fill new jobs; the time to complete the process by which employees may exercise any "bumping rights" that exist in the collective bargaining agreements; the time to put severance packages together; the need for employees to consider severance packages and options; the fact that it is more difficult to make structural changes once the school year begins; and the belief that time is required to finalize descriptions and roles for the combination of all redefined positions.

As a result, TDSB Staff estimates that the annualized savings for 2002-2003 on the salaries that will be eliminated will be less than the future estimated annual savings of $8.2 million (see Schedule 1 to this Exhibit). For example, TDSB Staff estimates that some of the salaries will not be eliminated until late November or early December 2002. Of those salaries, the TDSB will be able to achieve only 75% (or 9/12) of the annual estimated cost savings. In Schedule 2 to this Exhibit, we have been cautious and have assumed that the TDSB would achieve only nine-twelfths (9/12) of the remaining $5.7 million in estimated salary reductions that still have to be made. The total annualized savings would be $6.8 million [($5.7 million *times* 9/12) + $2.5 million = $6.8 million). If we include the pro-rated savings from the reduction of operating budgets of $2.48 million ($3.3 million *times* 9/12 months), the total estimated cost savings for 2002-2003 would be approximately $9.3 million ($6.8 million + $2.48 million). However, these estimated cost savings do not include any associated outplacement costs that may result.

5. Implications

Based on our analysis and discussions with Staff, the implications of completing the new organizational design to Board Administration include, in their opinion:

a. Central staff downsizing will result in reduced support for teachers and students from departments such as human resources, facility services, and information technology;

b. Reduced staff development opportunities;

c. Staffing complications due to jobs that will be eliminated during the school year; and

d. Additional reductions to the operating budgets of certain departments such as facility services and information technology may pose challenges.

Despite the noted implications, we believe the implementation of a new operating model for Board Administration is necessary in order to align expenditures with the Provincial

funding standards. The TDSB has made some reductions to Board Administration expenditures since 1998. However, we believe that the new organizational model should be completely implemented over the next two years. Inefficiencies that remain from the amalgamation of the various school boards in 1998 should be eliminated.

6. Outplacement Costs

We have estimated that the severance costs related to the remaining $5.7 million in salary reductions will be approximately $5 million ($5.7 million less 12% benefits) in 2002-2003. We have estimated that the severance costs in 2003-2004 will be approximately $6.4 million, based on a $7.3 million reduction of salaries in that year.

TDSB human resources Staff have indicated that all non-unionized employees were or will be offered the Work Reduction Plan ("WRP"), while unionized employees were or probably will be offered the Early Leaving Plan ("ELP"). The WRP is offered to employees who have already been offered the ELP in the past and have refused the ELP. The maximum pay-out under the WRP is one-year's salary. The maximum pay-out under the ELP offer is one and one-half year's salary. Furthermore, some of the eliminated employees will be eligible for retirement gratuities. The maximum amount of retirement gratuities is equivalent to six month's salary.

In essence, the most an employee can receive in outplacement costs would be the equivalent of two-year's salary, if they were offered the ELP and were eligible for the maximum amount of retirement gratuities. The lowest amount an employee would receive would be one-year's salary under the WRP. Therefore, we have assumed that the average outplacement cost related to each employee would be the equivalent of one and one-half year's salary. Since the Ministry's reserve fund would pay up to six month's worth of the outplacement related costs, we have based our outplacement cost estimates on one-year's salary per employee. Since the estimated cost savings of $5.7 million include salaries and benefits, we have reduced the savings by the pay-out benefit portion. According to Staff, the average benefits for Board Administration employees is

approximately 12% of their salary. The net realized savings in 2002-2003, after deducting the estimated outplacement costs, would be approximately $4.2 million.

7. Recommendations

a. Short-term

For the 2002-2003 school year we recommend that TDSB Staff proceed with the implementation of phase one of their new organization model for Board Administration, which was expected to yield total cost savings of $11.5 million. TDSB Staff estimates that a significant portion of the expected savings will not be realized in 2002-2003. Estimated delays are likely to arise in completely implementing the remainder of the new organizational model and its related outplacement costs. Hence, only $4.2 million of the $11.5 million in reductions will be realized in the 2002-2003 school year. However, on a going forward basis, the Staff estimates that the $11.5 million in annual savings is achievable.

b. Long-term

We recommend that TDSB Staff develop a specific plan to attain the desired $9.3 million in estimated cost savings for the 2003-2004 school year. We recommend that the TDSB continue to identify cost saving opportunities. The integration of multiple School Boards will require time.

TORONTO DISTRICT SCHOOL BOARD **SCHEDULE 1 TO EXHIBIT 1**

BOARD ADMINISTRATION SAVINGS

(in thousands)

	Before Restructuring Number of Employees	Before Restructuring Total Salary & Benefits	After Restructuring Number of Employees	After Restructuring Total Salary & Benefits	Eliminated Positions	Salary & Benefit Savings
Supervisor Officers						
Family Superintendents	30	$4,446	$24	$3,557	$6	$889
Executive Superintendents	5	$855	$3	$513	$2	$342
Academic Superintendents	12	$1,778	$0	$0	$12	$1,778
Regional Superintendents	0	$0	$5	$855	-$5	-$855
System Superintendents	0	$0	$2	$296	-$2	-$296
Director	1	$262	$1	$263	$0	-$1
Associate Director	0	$0	$1	$194	-$1	-$194
Central Superintendents	0	$0	$2	$307	-$2	-$307
	48	$7,342	$38	$5,985	$10	$1,357
Board Administration						
Director's Office	6	$406	$4	$258	$2	$148
Legal Office	0	$0	$4	$397	-$4	-$397
Communications	9	$728	$9	$728	$0	$0
Policy Development	0	$0	$1	$148	-$1	-$148
Internal Audit	0	$0	$2	$221	-$2	-$221
Secretariat	8	$484	$8	$484	$0	$0
Chair's Office	2	$127	$2	$127	$0	$0
Associate Director	0	$0	$2	$151	-$2	-$151
Organizational Development	0	$0	$1	$117	-$1	-$117
Staff Development	0	$0	$1	$106	-$1	-$106
	25	$1,744	$34	$2,735	-$9	-$991
Facility Services						
Executive Office	2	$131	$2	$131	$0	$0
General Managers	3	$461	$2	$308	$1	$154
Operations:						
Administrative Assistants	3	$169	$3	$169	$0	$0
Operation - Admin	27	$1,494	$26	$1,385	$1	$110
Call Centre	20	$931	$15	$715	$5	$216
Planning	14	$1,139	$14	$1,139	$0	$0
Temp/Surplus	10	$400	$0	$0	$10	$400
	79	$4,726	$62	$3,846	$17	$880
Business Services						
Executive Office	2	$131	$2	$131	$0	$0
Accounting	8	$793	$7	$711	$1	$82
Accounts Payable	30	$1,517	$27	$1,380	$3	$138
General Accounting	15	$848	$11	$681	$4	$166
Purchasing & Distribution	27	$1,778	$22	$1,504	$5	$274
Payroll	65	$3,420	$45	$2,466	$20	$954
Courier/Mailroom	68	$2,912	$59	$2,532	$9	$381
Telecommunications	18	$1,042	$6	$363	$12	$678
Risk Management	2	$140	$2	$140	$0	$0
Budget and Revenue	7	$592	$5	$436	$2	$156
Support Services	3	$156	$0	$0	$3	$156
Board Services	2	$210	$0	$0	$2	$210
	247	$13,538	$186	$10,343	$61	$3,195
Instruction and Academic Accountability						
Executive Assistants	3	$225	$5	$374	-$2	-$150
Administrative Assistants	30	$1,686	$24	$1,349	$6	$337
System and Other	5	$281	$4	$225	$1	$56
Managers and Project Coordinators	9	$906	$7	$664	$2	$241
Research	5	$277	$5	$277	$0	$0
Administrative Assistants	5	$281		$0	$5	$281
Various Support Staff	16	$841	$11	$644	$5	$197
Secretary Support for Consultants	79.5	$3,271	$34	$1,476	$46	$1,795
Other	4	$228	$2	$126	$2	$102
VISA	3	$161	$3	$161	$0	$0
	159.5	$8,156	$95	$5,296	$65	$2,860

SCHEDULE 1 TO EXHIBIT 1

(in thousands)

	Before Restructuring Number of Employees	Before Restructuring Total Salary & Benefits	After Restructuring Number of Employees	After Restructuring Total Salary & Benefits	Eliminated Positions	Salary & Benefit Savings
Information Technology						
Total Staff	335	$7,451	$294	$7,689	$41	-$239
Human Resources						
Executive Office	2	$131	$2	$131	$0	$0
Teaching Office	54	$3,087	$49	$3,322	$5	-$235
Support Office	75	$3,822	$42	$2,891	$33	$932
Employee Benefits	20	$1,045	$21	$1,274	-$1	-$229
HR Information System	16	$1,092	$9	$537	$7	$555
Health and Safety	5	$121	$3	$264	$2	-$143
Staff Development	17	$1,099	$10	$819	$7	$280
	189	$10,397	$136	$9,238	$53	$1,160
Total Non-Discretionary	1082.5	$53,353	$845	$45,131	$238	$8,222
Reductions to Operating Budgets						
Information Technology		$14,441		$12,918		$1,524
Student and Community Services:						
ISA Documentation (50% reduction)		$650		$325		$325
Administration (15% reduction)		$1,914		$1,624		$290
Academic Accountability:						
15% General Reduction		$1,333		$1,133		$200
Family of Schools (6 x $30,000)		$1,117		$967		$150
Facility Services		$2,201		$1,871		$330
Business Services		$2,400		$2,400		$0
Employee Services		$4,827		$4,344		$483
Total Discretionary		$28,883		$25,582		$3,302
TOTAL (in thousands of dollars)		**$82,237**		**$70,713**		**$11,524**

SCHEDULE 2 TO EXHIBIT 1

TORONTO DISTRICT SCHOOL BOARD

BOARD ADMINISTRATION SAVINGS FOR 2002-2003 AND 2003-2004

(in thousands)

	2002-2003	2003-2004
Savings From Salary Reductions	$8,222	$7,300
Savings From Operating Cost Reductions	$3,302	
Total Recommended Savings	$11,524	$9,300
Salary Reductions That Have Been Implemented	$2,500	
Salary Reductions That Still Have to Be Implemented for 2002-2003	$5,722	
Realizable Savings Related to Salary Reductions in 2002-2003 ($5,722 *times* 9/12 months *plus* $2,500)	$6,791	
Realizable Savings Related to Operating Cost Reductions in 2002-2003 ($3,301 *times* 9/12 months)	$2,475	
Total Savings	$9,266	$9,300
Less: Severance Costs (1 year salary excluding benefits of 12%) [$5,722 times (100% - 12% benefits)]	$5,035	
[$9,300 times (100% - 12% benefits)]		$8,184
Net Estimated Savings	**$4,231**	**$1,116**

APPENDIX D
EXHIBIT 2

BUILDING MAINTENANCE

1. Existing Situation

TDSB 2002-2003 Budget Forecast*	$247.1 million
Staff-Recommended Savings	$13.0 million (2002-2003) $6.5 million (2003-2004)
Our Recommended Savings (Full Year)	$13.0 million (2002-2003) $6.5 million (2003-2004)
Our Estimate of Realizable Savings	$13.0 million (2002-2003) $6.5 million (2003-2004)

*Represents the budget forecast for all School Operations.

The Ministry allocation, budgeted forecast, and excess expenditure information relates to the School Operations expenditure category, which includes building maintenance. In the last several years, the building maintenance budget expenditures have been approximately $50 million. The Staff-recommended budget savings for 2002-2003 of $13 million completely relates to the building maintenance area of the School Operations budget.

2. Description

The expenditure area of building maintenance includes costs for large-scale repairs such as roof replacements and boiler/air conditioning repairs, painting of facilities, and routine maintenance. The Ministry provides School Boards with a Facility Renewal Grant that is distributed to the School Boards primarily on the basis of the average age of their facilities. The Facility Renewal Grant is targeted for use in renewal projects and major repairs that serve to extend the useful life of the facility. The distinction between maintenance expenditures that should be categorized under the Facility Renewal Grant

and those that should be captured under the School Operations budget is somewhat uncertain. It is important to note that the TDSB has historically fully utilized their Facility Renewal Grants and their building maintenance budgets. As a result, Staff proposals that involve using Facility Renewal Grants to fund certain tasks that historically have been categorized as "building maintenance" are simply not feasible, in our assessment. Hence, any "savings" that the TDSB hopes to achieve can only be achieved by not performing certain types of maintenance.

In 2001-2002, the Trustees approved a temporary budget saving (or deferral) in building maintenance of $18 million. We understand that the Trustees approved the temporary budget saving in building maintenance as a compromise for their reluctance to approve budget savings in other areas.

According to personnel in Facility Services, the budget saving of $18 million for the 2001-2002 school year went "too deep". The TDSB attempted to achieve such savings by reducing the nature and scope of building maintenance that was to be performed. At the end of the 2001-2002 school year, only $13 million of the $18 million in proposed savings had actually been realized. This $18 million cost deferral from 2001-2002 had initially been reinstated into the building maintenance forecast expenditures for 2002-2003.

3. Staff-Recommended Savings

In May 2002, the Staff recommended that the building maintenance budget be reduced by $13 million. In essence, the Staff recommended that the level of expenditures remain consistent with 2001-2002 (including the actual realized savings of $13 million).

According to the Staff, "savings" of $13 million are expected to be achieved by performing only emergency maintenance. Cosmetic maintenance or repairs will not be performed in 2002-2003. According to the Staff, emergency maintenance items can be summarily defined as problems that would cause a school or part of a school to be closed

if the problem was not repaired. For example, maintenance or repair work relating to a leaking roof, a broken furnace, or a broken window will be performed by TDSB maintenance staff or trades people. Cosmetic forms of maintenance such as painting a classroom, or replacing drapes will not be performed by maintenance staff. However, eventually a cost has to be incurred.

According to Staff, in 2001-2002 there were 82,024 maintenance work orders that were submitted, and of those, approximately 40,000 maintenance work orders have not been completed by year end. As a result, the Staff informs us that there has been a marked deterioration in the appearance and condition of the schools.

The majority of cost savings will be primarily achieved in two ways; by not making expenditures on supplies, tools, replacement equipment, and by reducing the amount of temporary labour that is employed to perform maintenance services. The TDSB employs various classes of maintenance employees, including permanent maintenance staff, permanent trades staff, and temporary maintenance staff. According to TDSB Staff, the budget savings of $13 million does not involve the elimination of any permanent TDSB employees. Therefore, the TDSB will not incur any outplacement costs.

4. Feasibility

TDSB Staff indicates that this budget saving proposal can be implemented for September 2002. Implementation of the proposal primarily consists of reducing the allocated maintenance budget by $13 million, and ensuring that full time maintenance workers are able to distinguish between the maintenance work orders that should and should not be completed during 2002-2003.

Although the building maintenance budget saving proposal can be easily implemented, there is no specific guarantee that the $13 million in actual savings will be realized in 2002-2003. For example, if there are an unusual amount of "emergency" maintenance problems that must be fixed, then it is conceivable that the TDSB will overspend their

allocated budget for 2002-2003. The timing and extent of major maintenance problems cannot be reasonably forecast. Furthermore, it is reasonable to assume that the existence of major maintenance problems will increase in the next few years. The TDSB has scaled back the amount of general maintenance and minor repairs that they have conducted in the last few years.

In summary, the implementation of $13 million in savings to the building maintenance budget will be fairly easy to accomplish for September 2002. However, some uncertainty exists as to the ability of the TDSB to actually realize the full extent of such savings throughout the course of the year.

5. Implications

Several implications exist as a result of making such further "savings" to the building maintenance budget. For the most part, the TDSB has not made minor repairs or conducted preventive maintenance to many of their facilities in the last few years. Neglect of preventive maintenance or repairs increases the likelihood that major maintenance issues will occur in some of the facilities. In essence, short-term savings that are achieved by not performing general maintenance may serve only to defer the costs to the future. Hence, the Staff's recommendation is not a structural change, but rather a deferral of costs.

Additional implications of making further savings to the building maintenance budget include:

a. Deterioration of school conditions;

b. School equipment and infrastructure failures, some of which could be health and safety related;

c. Increased Public Health department investigations;

d. Increased demands for use of Renewal Reserve Funds;

e. Possible increased response time to maintenance and repair requests; and

f. An increase in complaints by students, parents, teachers, and Trustees.

6. Recommendations

a. Short-term

We recommend that the TDSB reduce the 2002-2003 building maintenance budget by $13 million, as proposed by the Staff.

b. Long-term

We recommend that the TDSB reduce the building maintenance budget by an additional $6.5 million in 2003-2004, for a total savings of $19.5 million ($13 million + $6.5 million). We also recommend that the TDSB take certain actions, such as school closures, to further reduce the overall building maintenance costs.

APPENDIX D
EXHIBIT 3

VICE-PRINCIPALS

1. Existing Situation

TDSB 2002-2003 Budget Forecast	$99.8 million
Staff-Recommended Savings	$6.0 million (2002-2003) $3.8 million (2003-2004)
Our Recommended Savings (Full Year)	$5.65 million (2002-2003) $3.8 million (2003-2004)
Our Estimate of Realizable Savings	$5.65 million (2002-2003) $3.8 million (2003-2004)

2. Description

Vice-Principals are allocated to elementary and secondary schools, in 0.5 FTE increments, based on the number of students enrolled in each school. According to the TDSB Staff, the Vice-Principals negotiated an 8% salary increase in September 2001. In order to offset the salary increase, the Staff recommended that 63 FTE Vice-Principal positions be eliminated for the 2002-2003 school year, and an additional 44 FTE Vice-Principal positions be eliminated for the 2003-2004 school year. TDSB Staff refers to the policy of offsetting Vice-Principal salary increases by reducing the number of positions as "bodies for bucks".

3. Staff-Recommended Savings

The Staff's recommended reduction of 63 FTE Vice-Principal positions consists of 41 FTE positions in elementary schools and 22 FTE positions in secondary schools, for a total estimated cost savings of approximately $6 million. According to the Vice-Principal average salary information provided to us by the Staff, we have calculated that the planned reduction in Vice-Principal positions would realize an estimated cost saving of only $5.65 million. See Schedule 1 to this Exhibit. The Staff has also recommended the

reduction of an additional 44 FTE positions for September 2003, for a total estimated cost savings of $3.8 million.

The reduction of Vice-Principal positions will occur by adjusting the allocation of Vice-Principals to elementary and secondary schools. The Staff also plans to cap the total number of Vice-Principals allocated to secondary schools at three (3). (Other School Boards have an average of two or less.)

Some potential methods that were proposed by the Staff to achieve such reductions include: twinning two schools so that one Vice-Principal can service both schools; making additional adjustments to the Vice-Principal allocation formula; and, initiating more school closures.

4. Feasibility

According to TDSB Staff, the implementation of this recommendation is nearly completed. Staff is proceeding on the basis that they have received approval to reduce Vice-Principal positions and have thus initiated the re-allocation of Vice-Principals for the 2002-2003 school year. As a result, the estimated cost savings, as proposed by the Staff, should be fully realized in the 2002-2003 school year. The TDSB's ability to proceed with the implementation of the Vice-Principal eliminations may require specific Trustee approval in the 2002-2003 budget process. Hence, future complications and debates could occur.

According to the TDSB Human Resources Staff, there were an adequate amount of vacant Vice-Principal positions to absorb the reduction of 63 FTE positions. Many Vice-Principals retired after the 2001-2002 school year. As a result, the TDSB will not have to incur any incremental outplacement costs related to the implementation of the Staff's recommended reductions.

5. Implications

The implications of reducing the number of Vice-Principal positions in elementary and secondary schools may include the following:

a. Less support may occur on a daily basis for students, teachers, and parents;

b. Less supervision may exist for teachers and quality control initiatives;

c. Increased responsibilities may have to be placed on the Principal and other Vice-Principals that may impact their ability to provide curriculum leadership and mentorship;

d. Staffing priorities may have to change to ensure student safety and student discipline; and

e. A possible reduction in school programs and extra curricular activities may result.

Notwithstanding the foregoing consequences, it should be noted that many schools currently have three, and perhaps even four, Vice-Principals. Thus, a reduction in Vice-Principals is unlikely to result in an impairment of program delivery capabilities.

6. Outplacement Costs

As discussed above, the eliminated Vice-Principal positions would be absorbed in the system as a result of the vacant positions that have been created by voluntary retirements after the 2001-2002 school year. Therefore, the TDSB will not have to incur any ELP costs related to the 63 FTE eliminated positions.

7. Recommendations

a. Short-term

We recommend that TDSB Staff proceed with their planned budget reduction of 63 FTE Vice-Principal positions for the 2002-2003 school year for total savings of approximately $5.65 million.

b. Long-term

We recommend that TDSB Staff begin working on a specific plan to effect the proposed reduction of 44 FTE positions for the 2003-2004 school year, for realized cost savings of approximately $3.8 million.

SCHEDULE 1 TO EXHIBIT 3

TORONTO DISTRICT SCHOOL BOARD

VICE-PRINCIPAL SAVINGS FOR 2002-2003
(in thousands)

Panel	Number of Vice-Principal Positions Eliminated	Average Salary (plus Benefits)	Total Estimated Savings
Elementary	41	$88,007	$3,608,287
Secondary	22	$92,734	$2,040,148
Our Estimate of Realizable Savings for 2002-2003			**$5,648,435**
Total Estimated Savings Per Staff for 2002-2003			**$6,000,000**

APPENDIX D
EXHIBIT 4

UTILITIES

1. Existing Situation

Staff-Recommended Savings	$ 2.1 million (2002-2003)
Our Recommended Savings (Full Year)	$ 1.0 million (2002-2003)
Our Estimate of Realizable Savings	$ 1.0 million (2002-2003)

2. Description

The TDSB has experienced a significant increase in their utility costs over the last few years. According to the Staff, recent increases in energy costs have been a significant contributing factor to the increase in overall operating costs.

3. Staff-Recommended Savings

The Staff proposes that a minimum energy reduction of 3.5% of total electricity and gas costs could occur through an aggressive energy conservation effort, based on educating students and teachers on energy conservation habits such as turning classroom lights off each night, and limiting the usage of photocopiers. Furthermore, the Staff proposes to increase school environmental temperatures by 1 degree Celsius in the Summer months and lower school temperatures by 1 degree Celsius in the Winter months.

The Staff expects cost reductions of $2.1 million (i.e., 3.5% of $60 million) as a result of this energy conservation effort. According to the Staff, the 3% energy cost reduction is an estimate and is not based on any detailed analysis or support.

4. Feasibility

The energy conservation effort proposed by the Staff can be feasibly implemented for September 2002. For 2002-2003, the School Board has a fixed-price contract for gas use in all schools throughout Toronto. According to the Staff, the School Board's cost of gas for 2001-2002 was approximately $30 million, and that cost was based on the established fixed-price contract. Gas costs for 2002-2003 will be approximately $29 million, resulting in an estimated savings of $1 million.

The School Board has not established a fixed price contract for electricity use and therefore any cost savings are highly uncertain. According to the Staff, proposed savings from electricity costs are speculative and no analysis has been performed in support of estimations. It is our opinion that any projected savings from electricity costs are highly uncertain.

5. Implications

The Staff estimations may not be achievable given the deregulation of the energy industry and changing energy prices.

6. Recommendations

Management should implement the proposed energy conservation measures for September of 2002 and negotiate a fixed price contract for electricity use. Based on our analysis, it appears that the TDSB should achieve savings of approximately $1 million through gas conservation initiatives.

APPENDIX D
EXHIBIT 5

CUSTODIAL SERVICES AND WASTE REMOVAL

1. Existing Situation

Staff-Recommended Savings in 2002-2003	$10 Million (Waste Removal Reductions) $5.6 Million (Custodial Service Reductions)
Our Recommended Savings in 2002-2003 (Full Year)	$1 million (Waste Removal Reductions)
Our Estimate of Realizable Savings in 2002-2003	$1 million (Waste Removal Reductions)

2. Description

Caretakers

Since 1998, the TDSB has reduced its caretaker complement from 2,759 FTE to 2,246 FTE. In 1999, the Trustees approved a new collective agreement, whereby the work previously performed by contract cleaning staff in secondary schools was transferred to Board caretakers, resulting in an additional annual cost of $2.58 million.

Waste Recycling

During the 2001-2002 school year, the City of Toronto began to charge the TDSB for waste removal, whereas in the past waste removal was performed by the City of Toronto for free. The new fees are expected to add approximately $3.0 million in costs each year. However, the City of Toronto agreed to provide the removal of recycled materials for free, for a duration of five years, in order to encourage students and teachers to begin recycling both at home and at school.

As a result of the position taken by the City of Toronto, the TDSB has looked into ways to reduce the waste removal charges by encouraging students to recycle. The TDSB already has waste diversion (recycling) receptacles at its schools and offices. Waste diversion can save the environment and contribute to cost efficiencies by reducing waste removal costs.

3. Staff-Recommended Savings

Caretakers

The Staff proposes to reduce the TDSB's complement of in-house, unionized caretakers by 300 FTE positions in 2003-2004. The staff caretakers are to be replaced by external, contract workers. According to the Staff's data, which may be somewhat dated, the average wage and benefits of in-house caretakers is approximately $21.13 per hour. In contrast, non-unionized contract cleaners earn approximately $12.00 per hour. Clearly, the potential cost savings are substantial.

Waste Removal

The Staff proposes to develop and implement a comprehensive waste diversion program with a target of recycling 30% of the TDSB's waste materials. Staff estimates that the diversion of 30% of the waste should reduce the impact of the City's unexpected waste removal charge of $3 million this year to $2 million. Advertising and informational campaigns have commenced to encourage students to recycle. To assist, classroom and office recycling collection containers have recently been standardized.

4. Feasibility

Caretakers

Based on our discussions with Staff and our review of the Caretaker collective bargaining agreement, it appears that the Staff's recommendation cannot be implemented unless changes are made to the collective bargaining agreements. The collective bargaining agreement does not allow the TDSB to contract out any work. The TDSB's concession in 1999 to use only unionized labour effectively nullified its ability to access lower cost labour. Therefore, it is unlikely that this recommendation is feasible for the upcoming and 2003-2004 school years.

Waste Removal

We believe that the Staff have taken the necessary steps to implement the recycling recommendation for September 2002. However, it is not certain whether the TDSB target of recycling 30% of its waste will be achieved in the 2002-2003 school year. The TDSB's target may be too high. If the 30% target is not met, then the anticipated cost savings will be significantly less than the $1 million that was estimated by the Staff.

5. Implications

Caretakers

The main implication of the Staff's proposal will be resistance from the union to change the current collective bargaining agreement, and a possible change in the Board's relationship with the caretaker union members.

Waste Removal

If the 30% recycling target is not achieved, then the incremental costs of initiating the recycling program may exceed the costs that may be saved by the reduced waste.

6. Recommendations

Caretakers

We understand that it will be very difficult to amend the caretaker collective bargaining agreement to allow the hiring of contract personnel. Therefore, we do not believe that this recommendation is a feasible alternative. We recommend that the TDSB Staff investigate other ways of reducing caretaker expenditures for the 2003-2004 school year.

Waste Removal

We recommend that the Staff implement their waste recycling proposal in 2002-2003 for an estimated cost saving of approximately $1 million. We encourage the TDSB Staff to dedicate the necessary efforts to the waste recycling initiative to ensure that the program continues to increase the amount of waste that can be recycled in future years.

APPENDIX D
EXHIBIT 6

ROOM CLOSURES

1. Existing Situation

Staff-Recommended Savings	$ 1.0 million (2002-2003)
Our Recommended Savings (Full Year)	$ 1.0 million (2003-2004)
Our Estimate of Realizable Savings	Nil (2002-2003) $ 1.0 million (2003-2004)

2. Description

The TDSB currently has a surplus of unused rooms at schools located throughout Toronto. The following statistics on school utilization rates were provided by the Staff:

	Approximate # of Schools
Schools operating under an 80% utilization rate	200 (37%)
Schools operating between an 80% to 100% utilization rate	200 (37.5%)
Schools operating over 100% utilization rate	150 (25.5%)

3. Staff-Recommended Savings

The Staff proposes to close 400 classrooms in September 2002 to achieve an annual cost reduction of approximately $1.0 million for the 2002-2003 school year. The annual savings of $1.0 million have been estimated by the Staff and are based on the Ministry funding formula of $5.20 per sq. ft. The Staff has not performed a detailed analysis in support of the actual annual cost reduction.

4. Feasibility

According to the Staff, the proposal to close 400 classrooms cannot be accomplished for the 2002-2003 school year. The reason is that schools across the School Board have already completed their classroom schedules, room allocations and timetables for September of 2002. As a result, teachers have been assigned their rooms and unused rooms have been allocated for storage, flex space and specialized areas of study (such as music, art, computer studies, etc.). According to the Staff, a consultation process with Principals and Vice-Principals of schools is necessary to arrange for the closure process. This consultation process is expected to occur during the 2002-2003 school year in anticipation of the classroom closures for September of 2003. The Staff anticipate that the $1.0 million in annual savings will commence in the 2003-2004 school year.

5. Implications

The surplus rooms have already been assigned for use in 2002-2003. Thus, space closures will require the re-examination of room allocations and timetables. However, we do not have evidence that overall service will be diminished.

6. Recommendations

a. Short-term

The consultation process should begin, in anticipation of room closures for 2003-2004.

b. Long-term

The 400 classrooms should be closed by September 2003. Anticipated annual savings of $1.0 million should result.

APPENDIX D
EXHIBIT 7

SCHOOL EFFICIENCIES/SPACE UTILIZATION - PORTABLES

1. Existing Situation

Staff-Recommended Savings	$ 1.0 million (2002-2003) $ 0.5 million (2003-2004)
Our Recommended Savings (Full Year)	$ 0.53 million (2002-2003) $ 0.5 million (2003-2004)
Our Estimate of Realizable Savings	Nil (2002-2003) $ 0.53 million (2003-2004)

2. Description

Portables are used as temporary accommodations for students in the event of enrolment growth and sudden demographic shifts. The School Board currently has approximately 650 portables that are used to support program needs across Toronto.

3. Staff-Recommended Savings

The Staff proposes to remove 200 portable units from the School Board for the 2002-2003 year and an additional 100 portable units for the 2003-2004 school year. The total annual cost reduction had been estimated to be $1,500,000 (i.e., $5,000 for each portable). According to the Staff, the cost reductions are based on the actual annual costs to maintain the portables. We have not been provided with support to verify this amount.

4. Feasibility

Based on our discussions with Staff, the removal of the entire number of 200 portables for 2002-2003 and 100 portables for 2003-2004 can no longer be implemented. This is

due partially to an increase in projected enrolments and accommodations for the 2002-2003 and 2003-2004 school years. Furthermore, it is not possible to estimate the impact on enrolment and accommodations of the Province-wide change to shorten secondary school terms (from 5 years to 4 years). As a result, the Staff requires that additional portables be available to accommodate students. Currently, the Staff's best estimate of portable removals is 105 units during the 2002-2003 school year and an additional 100 units during the 2003-2004 school year.

The total cost reductions from the portable removal is $525,000 for 2002-2003 (i.e., 105 x $5,000) and an additional $500,000 for 2003-2004 (i.e., 100 x $5,000). According to the Staff, implementation costs of approximately $5,000 for each unit would be incurred to physically remove the portables. As a result, there would be no cost savings for the 2002-2003 school year and cost savings of $525,000 for the 2003-2004 school year. Total annual cost reductions for 2004-2005 and onwards would amount to $1,025,000. Given the current physical condition of the portables, the Staff does not foresee their future sale or lease being feasible.

5. Implications

The proposed portable removals will result in greater difficulty in providing temporary accommodation to alleviate sudden demographic and enrolment shifts. Another consequence is a displacement of programs (e.g., daycare, science rooms, art rooms,) in order to accommodate students from portables back into the main school building. The Staff does not anticipate much difficulty in incorporating the displaced students back into the main school building.

6. Recommendations

a. Short-term

The 105 portables should be removed in 2002-2003. Expected savings of $525,000 are likely to be completely offset by removal costs. As a result, no savings will be realized in 2002-2003.

b. Long-term

The proposed removal of 100 portables in 2003-2004 should occur. The expected savings of $500,000 will be completely offset by any removal costs that will be incurred in 2003-2004. However the 2002-2003 removals should result in estimated savings of $525,000 in 2003-2004. In 2004-2005, annual savings of $1,025,000 are expected from portable removals that were made in 2002-2003 and 2003-2004.

APPENDIX D
EXHIBIT 8

PERMIT REVENUE

1. Existing Situation

Staff-Recommended Revenue	$ 1.0 million (2002-2003)
Our Recommended Revenue (Full Year)	$ 1.0 million (2002-2003)
Our Estimate of Realizable Revenue	$ 0.67 million (2002-2003)

2. Description

The TDSB approved a permit user-fee policy (based on cost recovery) in order to provide community access to the School Board's facilities. After operating for approximately two years, a revised permit policy is now necessary to reflect a more reasonable cost recovery for the community's continued use of grounds and facilities.

3. Staff-Recommended Revenue

The Staff proposes to (a) redirect a portion of permit revenues to schools, to offset costs of wear and tear and maintenance of equipment and facilities, and (b) increase user permit fees. According to the Staff, expected annual net revenues from the implementation of the revised policy are approximately $1 million for the 2002-2003 school year.

4. Feasibility

Based on our discussions with Staff, implementation of this proposal will not occur until January 2003. The reason being the City of Toronto (the Board's largest permit user) produce their annual budgets based on a calendar year (January 1 to December 31). The

City of Toronto has already produced its budget for 2002, which did not include an increase for potential School Board permit fees. As a result, Staff believes that the City of Toronto will not pay increased permit fees until January 2003. The Staff's revised expectation of permit revenue is $667,000 (or two-thirds of the original projection). In essence, the original savings estimate by the Staff was not achievable at any point throughout the budget process.

The Staff did provide us with unit user fees by permit type, but did not provide us with documentation of how the $1 million in total savings was calculated. We have therefore been unable to verify the projected savings. Furthermore, we were not provided with the details as to the amount of revenue that will be redirected to schools to offset the costs of wear and tear and maintenance.

5. Implications

An increase in permit fees could result in an elevated level of City of Toronto resistance. Communities might favour the use of Toronto's Parks and Recreation and Services over the School Boards' facilities.

6. Recommendations

a. *Short-term*

The Staff's proposal should be implemented for January 2003, for expected savings of $0.67 million.

b. *Long-term*

Implementation of the revised policy should result in the full $1.0 million of savings for 2003-2004 and onward.

APPENDIX D
EXHIBIT 9

PERMIT COSTS

1. Existing Situation

Staff-Recommended Savings	$ 0.2 million (2002-2003)
Our Recommended Savings (Full Year)	$ 0.2 million (2002-2003)
Our Estimate of Realizable Savings	$ 0.2 million (2002-2003)

2. Description

The TDSB provides secondary and elementary school permit holders with space to allow for the operation of a variety of programs and services. Currently, there are approximately 25 Secondary Schools that operate regular weekend permits and approximately 200 Elementary Schools that operate permit services three nights each week.

3. Staff-Recommended Savings

The Staff has proposed to consolidate permit use into a reduced number of schools, thus allowing certain schools to close earlier and thereby reduce annual utility and maintenance costs. Specifically, the Staff has proposed to consolidate weekend secondary school permit operations from 25 to 20 schools. Furthermore, the Staff has proposed to consolidate weekday elementary school permit operations from 200 to 180 schools. The Staff anticipates that this proposal will achieve annual savings of $200,000.

4. Feasibility

Implementation of the permit consolidation proposal is feasible for the 2002-2003 school year. Based on our discussions with Staff, full implementation of the permit consolidations is expected for September 2002. Please refer to the attached Schedule 1 for expected cost-saving details.

5. Implications

The primary implications of Staff's proposal are fewer community programs and limited recreational opportunities for children and their families. In addition, the permit users' reduced access to schools could result in an increased demand for City parks and recreation facilities. Hence, some revenue may be lost.

Potential benefits from this proposal include: reduced caretaking loads and improved accessibility for cleaners; improved security and less wear and tear on facilities; and an increased school availability for construction and maintenance to be performed on schools.

6. Recommendations

The Staff's recommendations for permit consolidations for 2002-2003 should be implemented, for estimated annual savings of $200,000.

TORONTO DISTRICT SCHOOL BOARD

PERMIT COST SAVINGS

A. Permit Consolidations - Secondary School Weekend Closures

Assumptions
Average secondary schools are in use for 250 days during the year.
Daily operating cost savings of 25% should arise from school weekend closures.

Analysis

Annual weekend permit usage (number of days)	40
Size of a typical Secondary School in Toronto (sq. ft.)	200,000
Annual cost of utilities	$ 300,000
Annual cost of maintenance	$ 200,000
Total annual cost	$ 500,000
Average daily cost [$500,000/ 250 days]	$ 2,000
Daily cost savings from weekend closures [$2,000 x 25%]	$ 500
Cost savings per school from weekend closures [$500 x 40 days]	$ 20,000
Proposed School Closures on Weekends (number of schools)	5
Annual Savings from Secondary School Permit Closures [$20,000 x 5 schools]	**$ 100,000 (a)**

B. Permit Consolidations - Elementary School Weeknight Closures

Assumptions
Average secondary schools are in use for 250 days during the year.
Night operating cost savings of 10% should arise from nightly school closure.

Analysis

Annual nightly permit usage [34 weeks each year @ 3 nights each week]	102
Size of a typical Secondary School in Toronto (sq. ft.)	50,000
Annual cost of utilities	$ 75,000
Annual cost of maintenance	$ 50,000
Total annual cost	$ 125,000
Average daily cost [$125,000/ 250 days]	$ 500
Daily cost savings from nightly school closure [$500 x 10%]	$ 50
Cost savings per school from nightly closures [$50 x 102 nights]	$ 5,100
Proposed Night School Closures (number of schools)	20
Annual Savings from Elementary School Permit Closures [$5,100 x 20 schools]	**$ 102,000 (b)**
Total Annual Cost Savings from School Permit Consolidations	**$ 202,000 [(a)+(b)]**

APPENDIX D
EXHIBIT 10

REAL ESTATE

1. Existing Situation

Staff-Recommended Savings	$ 0.3 million (2002-2003) Nil (2003-2004)
Our Recommended Savings (Full Year)	$ 0.3 million (2002-2003) $ 0.3 million (2003-2004)
Our Estimate of Realizable Savings	$ 0.3 million (2002-2003) $ 0.3 million (2003-2004)

2. Description

Once amalgamated, the TDSB leased several properties for the purpose of accommodating a variety of non-revenue producing programs. By a Board motion passed in February 2001, the Staff was directed not to renew these leases at the end of their lease terms, and relocate all such programs to existing TDSB facilities. A limited number of these leases remain, and will expire in 2003 and in 2004.

3. Staff-Recommended Savings

The Staff have identified all non-required leased real estate, and have allowed the leases on these properties to expire without renewal. Savings of approximately $300,000 are expected to be achieved for the 2002-2003 year. We have not been provided with any documentation in support of the real estate lease savings.

4. Feasibility

An annual cost reduction of approximately $300,000 can be achieved for the 2002-2003 year. Furthermore, according to the Staff, leases that are expected to expire in 2003-2004 can also be cancelled in the 2002-2003 school year. The additional savings that would result are $300,000. Again, we have not been provided with documentation in support of this amount. Potential savings that could result for the 2002-2003 school year amount to $600,000.

5. Implications

Some off-site programs could be permanently shut down because they may not be offered in or transferable to other schools.

6. Recommendations

a. Short Term

Leases expiring in 2002-2003 should not be renewed, for anticipated annual savings of $0.3 million.

b. Long Term

Leases expiring in 2003-2004 should not be renewed, for additional anticipated annual savings of $0.3 million. Total annual savings in 2003-2004 are estimated to be $0.6 million.

APPENDIX D
EXHIBIT 11

TEACHER CONSULTANTS

1. Existing Situation

TDSB 2002-2003 Budget Forecast	$ 23.6 million
Staff-Recommended Savings	$ 0.6 million (2002-2003) $ 3.4 million (2003-2004)
Our Recommended Savings (Full Year)	$ 0.6 million (2002-2003) $ 3.4 million (2003-2004)
Our Estimate of Realizable Savings	$0.6 million (2002-2003) $3.4 million (2003-2004)

2. Description

The TDSB employs 216 teacher consultants in the areas of academic accountability, human resources, instruction/student and community services and information technology. Teacher consultants are responsible for designing and implementing curricula, developing teacher and principal skills, and centrally co-ordinating programs, services and events.

3. Staff-Recommended Savings

The Staff propose to eliminate seven (7) teacher consultant positions in 2002-2003 and 40 such positions in 2003-2004, resulting in total expected cost efficiencies of $3.8 million. The rationalization of teacher consultant positions will be accomplished by redeploying teachers to classrooms.

4. Feasibility

The reduction of seven (7) staff for the 2002-2003 school year has been accomplished through retirements. The Staff have advised that the further reduction of forty staff cannot be implemented until 2003-2004 for the following reasons:

a)Ea ch teacher consultant has already been offered a one-year contract or contract extension for 2002-2003.

b) Teacher consultants cannot be redeployed into teaching positions because staffing has already been finalized for September 2002.

Staff have estimated that average salaries of Teacher Consultant positions are $80,000. Based upon our discussions with the Staff, we believe that average salaries, including benefits, are closer to $90,000. Thus, the expected cost efficiencies in reducing the Teacher Consultants' headcount will be higher than Staff originally anticipated.

5. Implications

The reduction of Teacher Consultants will result in lower levels of support and training for new teachers, some risk of reduced consistency and support for curriculum implementation, and fewer extra-classroom "enhancements" such as concerts, camps and intra-Board events. Innovations and curriculum development may be impacted by the reduction of Teacher Consultants, unless the Ministry has already provided adequate materials.

6. Outplacement Costs

There should be no outplacement costs associated with the redeployment of teacher consultants as they will be reassigned and not severed.

7. Recommendations

The TDSB has failed to implement the required efficiencies in this area. The rationalization of teacher consultants will likely have a relatively indirect impact on classrooms. Department heads and local classroom teachers can assume greater responsibility in the co-ordination and development of curricula.

a. Short-Term

We recommend that the positions made vacant by the recently retired Teacher Consultants not be filled.

b. Long-Term

We recommend that the Teacher Consultants be reduced by 40 positions in 2003-2004 with the surplus staff reassigned to classrooms.

APPENDIX D
EXHIBIT 12

CLASSROOM COMPUTERS

1. Existing Situation

TDSB 2002-2003 Budget Forecast	$29.7 million
Staff-Recommended Saving	$10.7 million (2002-2003)
Our Recommended Savings (Full Year)	$10.7 million (2002-2003, and 2003-2004)
Our Estimate of Realizable Savings	$8.9 million (2002-2003) $1.8 million (2003-2004)

2. Description

The Classroom Computer expenditure category captures the purchase and operation of classroom and school-based computers and associated network infrastructure and support. The TDSB currently sustains over 50,000 classroom computers and a Wide Area Network ("WAN") and Local Area Network ("LAN") infrastructure.

3. Staff-Recommended Savings

The Staff has recommended approximately $10.7 million in Classroom Computer budget savings for the 2002-2003 school year. Approximately $6.9 million in budget savings will be derived from simply reducing the number of computer hardware and software purchases and replacements. The remaining budget savings of approximately $3.7 million will be achieved by restructuring the TDSB's infrastructure support group. Schedule 1 to this Exhibit provides a detailed breakdown of the particular budget saving areas within the Classroom Computer category.

In the past, the TDSB has attempted to maintain a student to computer ratio in the classroom of approximately six-to-one (6:1). The Staff estimates that their inability to

replace certain computers and purchase new computers will result in an increase in the student to computer ratio from six-to-one (6:1), to approximately ten-to-one (10:1). In essence, the TDSB estimates that there will be a net reduction in the number of operational computers in the classroom, as certain computers will be removed from the class without being replaced. A total reduction in the number of operational computers will also serve to reduce the amount of maintenance and infrastructure support costs that will have to be incurred.

A second area of budget savings will be realized by reorganizing the infrastructure support group and redesigning the network service delivery. Staff believes that such changes will significantly reduce contract personnel spending.

In the past, the infrastructure support group was structured so that technicians would be readily available to physically attend each and every school to deal with any computer problems reported in the classroom by students and teachers. As part of Staff's budget saving proposal in 2002-2003, the infrastructure support group will be restructured so that it is centrally consolidated. The plan involves empowering the "help desk" and staffing it with actual technicians that could solve many of the problems remotely. Also, the consolidation and standardization of network services will improve network availability for program and service deliveries, and will also aid the help desk's ability to deal with computer problems remotely.

4. Feasibility

According to the Staff, the budget saving proposal for Classroom Computers can be reasonably implemented for the 2002-2003 school year. The $6.9 million of reduced expenditures for the replacement and purchase of classroom computers is easily achievable, as it simply involves communication with the IT department and notifying them of their reduced budget for computer purchases. The implementation of the budget savings that relate to the restructuring of the infrastructure group can be initiated immediately. However, it is likely that the full extent of the reorganization will take

several months to complete. Hence, the estimated cost savings related to the restructuring of the infrastructure support group of approximately $3.7 million may not be fully realized in the 2002-2003 school year.

It is also important to note that the $6.9 million in budget savings that will be achieved from reducing the amount of computer purchases is more of a temporary budget deferral than a permanent structural change. The practice of not purchasing or replacing computers cannot be reasonably sustained over a long period of time without significantly compromising the student's education and ability to learn through computers. The practice of not purchasing replacement computers commenced in the 2001-2002 year. Hence, a portion of the budget savings in the Classroom Computers category is short-term in nature and additional ways should be investigated to further reduce the expenditures by making permanent structural changes.

We have estimated that the Staff's proposal will take at least two months to implement. Therefore, we have assumed that the cost savings that can actually be realized in 2002-2003 will be $8.9 million ($10.7 million *times* 10/12 months).

5. Implications

Some of the implications of not replacing classroom computers and reducing the number of computers have been stated above. A long-term saving in computer hardware and software purchases in the classroom will negatively impact the teacher's ability to deliver certain classroom programs and curricula. An increase in the student to computer ratio will decrease each student's ability to directly learn from computer assisted programs. The savings in contract personnel and the delay in network retrofitting and maintenance may jeopardize network stability and may lead to extended periods of time without network access. Interruptions to network connectivity and the use of obsolete computers in the classroom may cause some inefficiencies in classroom instruction.

The reorganization of the infrastructure support group may result in a longer response time by technicians to particular cases that cannot be solved remotely from the "help

desk". Furthermore, the combination of removing local technicians and not replacing old computers (i.e., increasing the average age of the existing computers) may place additional pressure on IT's ability to deal with the computer problems.

The noted implications above reiterate our beliefs that continued savings by delaying purchase and replacement of classroom computers cannot be reasonably sustained for a long period of time. Nevertheless, given the financial situation facing the TDSB, savings in the area of Classroom Computers is a feasible alternative that must be considered for 2002-2003.

6. Outplacement Costs

The Staff's proposal does not include the elimination of any full time TDSB employees. Therefore, there will be no severance costs associated with implementing this proposal.

The restructuring of the infrastructure support group is significant. There may be some implementation costs that have not been estimated by the TDSB, which would serve to decrease the amount of the realized savings in 2002-2003. At this time, we are not able to reasonably estimate the implementation costs that may arise.

7. Recommendations

a. Short-term

We recommend that Classroom Computer budget savings of $10.7 million be implemented for the 2002-2003 school year, as recommended by the Staff. It is important to note that the entire estimated savings of $10.7 million may not be achievable in 2002-2003 because the duration of the infrastructure support group restructuring may take several months to complete. We have estimated the savings that will likely be realized in 2002-2003 to be $8.9 million.

b. Long-term

As discussed above, we believe there would be serious concerns and implications if the practice of not making computer purchases or computer replacements was continued for several more years. We do not believe the anticipated budget savings of $6.9 million from not purchasing computers can be sustained in the future. Therefore, we recommend that information technology personnel explore and investigate additional ways to restructure the delivery of services so that structural changes can be made to reduce expenditures. A comprehensive plan should be developed by the information technology department that strikes a balance between the student's educational requirements and the available dollars provided.

TORONTO DISTRICT SCHOOL BOARD

CLASSROOM COMPUTER SAVINGS

(in thousands)

Category	Expenditures Before Reductions 2002-2003	Expenditures After Reductions 2002-2003	Total Savings 2002-2003
Infrastructure Support	$7,823	$5,110	$2,713
Infrastructure Maintenance	$6,535	$5,335	$1,200
Wide Area Network ("WAN") Capacity Bandwidth	$3,651	$3,651	$0
Internet Capacity Bandwidth	$450	$450	$0
Computer Replacements	$6,500	$1,407	$5,093
Computers - School Budgets	$4,756	$3,000	$1,756
Total	**$29,715**	**$18,954**	**$10,761**

APPENDIX D
EXHIBIT 13

CONTINUING EDUCATION – ADULT EDUCATION TASK FORCE

1. Existing Situation

TDSB 2002-2003 Budget Forecast*	$49.1 million
Staff-Recommended Savings	$0.8 million (2002-2003)
Our Recommended Savings (Full Year)	$0.8 million (2002-2003)
Our Estimate of Realizable Savings	$0.8 million (2002-2003)

* For all Continuing Education programs.

2. Description

The Continuing Education program is currently supported by central staff in the following capacities:

- One (1) Superintendent
- Three (3) Principals
- One (1) Vice-Principal
- 13 Program Managers
- 22 Secretarial Assistants

The central staff provides co-ordination and management functions for continuing education programs.

3. Staff-Recommended Savings

The Staff propose to restructure the continuing education central staff as follows:

- One (1) Principal
- One (1) Supervising Manager
- Nine (9) Program Managers
- 18 Secretarial Assistants

The Staff have estimated that cost efficiencies of approximately $800,000 can be realized on salary and supplies for the reduced staff positions.

4. Feasibility

The restructuring of central administration staff for Continuing Education has effectively been accomplished through normal-course retirements of the senior staff and the re-deployment of Program Managers and Secretarial Assistants.

5. Implications

The consequences of restructuring central administration staff for Continuing Education will limit the support available for instructors and students in the Continuing Education program.

Since the restructuring was achieved through retirements and redeployments, the TDSB has not incurred incremental outplacement costs.

6. Recommendations

Due to the TDSB's need to realize budget efficiencies, we recommend that the positions that have been vacated by recently retired staff be closed. Further, we concur with the Staff's decision to re-deploy Program Managers and Secretarial Assistants as necessary to effect the restructuring of Continuing Education's central administration.

APPENDIX D
EXHIBIT 14

CONTINUING EDUCATION – CREDIT PROGRAM DELIVERY

1. Existing Situation

TDSB 2002-2003 Budget Forecast*	$49.1 million
Staff-Recommended Savings (Credit Programs only)	$4.0 million (2002-2003) $3.0 million (2003-2004)
Our Recommended Savings (Full Year) (Credit Programs only)	$4.2million (2002-2003) $2.7 million (2003-2004)
Our Estimate of Realizable Savings (Credit Programs only)	$4.2 million (2002-2003) $2.7 million (2003-2004)

* For all Continuing Education programs.

2. Description

The TDSB currently operates seven (7) adult day schools, ten (10) night schools, nine (9) Saturday schools for International Language credit programs and 23 summer school sites. Under the Education Act, the Board is obliged to offer (certain) credit programs. However, some flexibility exists in the timing of the delivery of the credit programs. In particular, the Board has some latitude in the determination of where and when such courses are offered. By reducing the number of sites where programs are offered, efficiencies in infrastructure and facilities costs can be achieved.

The TDSB currently offers an extended range of credit courses during the summer. Certain courses are "required" because they are compulsory credits or prerequisites for other courses. However, approximately 60% of the TDSB's summer credit courses are offered as conveniences, and allow students to move ahead in their studies, or to improve their grade from a previous attempt at a course.

Adult and Continuing Education programs are not subject to the same average class size restrictions as regular programs. The current targeted average class size for Adult courses is 22 students. Increasing class sizes to 28 students would reduce the number of classes that are operated, and thereby reduce instructor and facility costs. We understand that a class size of 28 students is feasible for the Adult courses under the Education Act.

According to the students' TDSB's data, each of the Adult, night school, summer school and International Language programs are currently operating at deficits. The proposed efficiencies are expected to improve the financial situation of the Continuing Education programs.

3. Staff-Recommended Savings

The Staff propose to restructure the delivery of the continuing education credit programs as follows:

2002-2003 Initiatives

a) Adult day and night school classes sizes will be increased from 22 to 28 students. The larger class sizes will reduce the number of classes required, thereby reducing facilities and instructor costs.

b) Beginning in the Summer 2003 semester, credit programs will be limited to remedial credit courses for Grades 9-12 and full credit courses for Grades 11 and 12 only. Limiting the number of credit courses will reduce staffing and operating costs. According to the Staff, the summer courses are subject to higher student attrition ("drop-out") rates. Student attrition in summer courses is highly uneconomical because the School Board receives compensation based upon actual attendance. Thus, reducing non-critical (non-remedial) courses should improve overall efficiencies.

2003-2004 Initiatives

a)T hree (3) Adult Day School sites will be closed. The displaced Adult day classes will be offered in secondary schools during daytime hours, with existing available space, rather than at dedicated standalone sites. Integrating adult day programs with regular (adolescent) sites will reduce facility and administration costs.

b) Two (2) Night School Credit Program sites will be closed. The programs will be transferred to the remaining sites, in accordance with enrolment demand.

c)S aturday International Languages Programs will be offered only on weeknights. Efficiencies in facilities costs are expected from not having to operate sites on weekends.

The Schedule attached to this Exhibit provides a summary of the Staff's estimation of cost savings from the above initiatives.

4. Feasibility

The increase in class sizes can be initiated in the coming school year by directing Principals to revise class sizes and to re-allocate staffing as necessary. The Staff estimate that a 22% improvement in expenditures is available from this initiative.

Restructuring the Summer Credit Program should be completed for the Summer 2003 term (i.e., within the 2002-2003 school year).

The Saturday International Languages program can be rescheduled to weekday evening courses for the succeeding school year. Staff will be required to examine the allocation of time and space to accommodate the rescheduled weekend courses.

The closure of three (3) Adult sites will require a period of planning and transition. Thus, the rationalization of the three sites is not scheduled to be complete until the beginning of the 2003-2004 school year. Similarly, the reduction of night school sites will not be implemented until 2003-2004. Night school enrolment is forecast to decrease. The Staff intend to implement a policy to restrict regular, adolescent day program students from attending night school unless certain criteria are met. It is not desirable for Adolescent students who are eligible for day school attendance to transfer to night school.

5. Implications

The effect of the recommendations in this Exhibit will reduce the credit course options that are made available to continuing education students. Adult enrolment and night school enrolment may decrease as course offerings (or the timing thereof) are reduced and as dedicated Adult-only sites are eliminated. Some Adult students will not feel comfortable in shared facilities (with Adolescent students). Limiting summer credit programs will reduce the opportunity for students to obtain additional credits to accelerate their studies. Implementing an average class size of 28 students will reduce the level of teacher interaction with individual students.

The main cost benefits related to the rationalization of the Continuing Education credit program delivery will be the reduction in staff, facilities and operating costs. Notwithstanding the rationalization of the summer credit program, the range of courses that are currently available to students should not be materially impacted. The Adult education courses will continue to be available, albeit at fewer sites. The number of classes that are held will, as always, be dependent upon enrolment.

6. Outplacement Costs

We understand that Continuing Education instructors and staff are generally retained on a contract basis, and can be released with appropriate notice. There is adequate time to re-deploy staff (or to simply not hire staff) to effect the summer credit program

rationalization. The rationalization of Adult class sizes will primarily affect the instructors, who can be released with minimal obligations. In some cases, nominal exit costs will be incurred. The rescheduling of weekend Language classes and the rationalization of night school credit sites will result in some redundancy of support staff. However, the Staff believes that all, or nearly all, of the displaced staff can be re-deployed.

The closure of the three Adult sites could result in outplacement obligations. It is expected that most, if not all, of the staff can be re-deployed within the TDSB. The Staff have indicated that re-assignment of all affected employees is virtually assured due to the long lead time (one year) that is available.

7. Recommendations

Although the proposed cost initiatives will reduce the program options that are currently available, the revised delivery model will result in substantial savings. According to the Staff's estimates, the Continuing Education program (under the existing model) is expected to incur an $11 million deficit in 2002-2003. Thus, attaining all reasonable, available efficiencies is necessary.

a. Short-term

The increase in Adult program class sizes and the rationalization of summer credit programs should proceed as proposed by Staff.

b. Long-term

The closure of the three (3) Adult day sites and the two (2) night school sites should be implemented for 2003-2004. Similarly, the rescheduling of Saturday International Languages classes should be completed for the following school year.

SCHEDULE TO EXHIBIT 14

TORONTO DISTRICT SCHOOL BOARD

CONTINUING EDUCATION PROGRAM SAVINGS

2002-2003 Initiatives

1. Reduction of summer credit programs	$	795,115
2. Increase Adult Day School class size to 28 from 22 students	$	2,933,821
3. Increase Night School class size to 28 from 22 students	$	511,138
Total 2002-2003 Savings	**$**	**4,240,074**

2003-2004 Initiatives

1. Closure of three (3) Adult Sites	$	2,327,784
2. Closure of two (2) Night School Credit Program sites	$	66,153
3. Move Saturday International Languages Programs to Night	$	333,239
Total 2003-2004 Savings	**$**	**2,727,176**
Total Estimated Savings	**$**	**6,967,250**

STUDENT TRANSPORTATION

1. Existing Situation

TDSB 2002-2003 Budget Forecast	$30.2 million
Staff-Recommended Savings	$ 0.42 million (2002-2003)
Our Recommended Savings (Full Year)	$ 0.42 million (2002-2003)
Our Estimate of Realizable Savings	$ 0.42 million (2002-2003)

2. Description

According to Staff, there are currently over 1,100 secondary school students in the TDSB who live outside of regular school bus routes. As a result, these students are provided with Toronto Transit Commission ("TTC") bus tickets, free of charge, from the School Board for travel to and from school.

3. Staff-Recommended Savings

The Staff made two proposals as follows:

a. Student transportation expenditures should be reduced by providing public transit tickets only to those students who live beyond 4.8 km from their respective schools and are deemed to be in financial need. Based on discussions with transportation officers at various schools, the Staff has estimated that 900 students (from the current 1,100) will no longer receive transit tickets. This proposal is expected to achieve savings of approximately $420,000. According to the Staff, the expected savings are an estimate. We have not been provided with supporting documentation.

b. The Staff propose to vary the starting and ending times of various schools within the same district in order to achieve a reduction in the number of buses that are currently in use. Under this proposal, one school in a particular district may commence at 8:30am, another at 8:40am, and another at 8:50am.

Based on discussions with transportation officers, this proposal is expected to result in annual estimated savings of $200,000. We have not been provided with any support of the Staff's estimations.

4. Feasibility

The first proposal to limit the provision of TTC tickets to only those who are deemed to be in financial need, can be feasibly implemented for September 2002. According to the Staff, the term "financial need" has not been formally defined by the School Board and interpretations vary from school to school. A suitable definition can be adopted for September of 2002.

According to the Staff, it is not feasible to adopt the second proposal of staggering school commencement and closure times for September 2002, since contracts for busing services for 2002-2003 have already been established.

5. Implications

The principal implication of this proposal is that the Board will be required to determine what constitutes financial need. The Staff has estimated that if this proposal is accepted, an estimated 900 students (from the current 1,100) will no longer receive transit tickets. Transportation arrangements may require some schools to increase their traditional hours. The lengthening of the school day could result in supervision obstacles and increased costs.

6. Recommendations

a. Short-term

The Staff could develop a uniform definition for the term "financial need" and implement the proposed reduction in the number of public transit tickets. Estimated cost savings of $0.42 million in 2002-2003 should result.

b. Long-term

Formal studies to determine the feasibility of the Staff's proposal to vary the commencing and ending times of schools should be undertaken.

APPENDIX D
EXHIBIT 16

STAFF DEVELOPMENT

1. Existing Situation

TDSB 2002-2003 Budget Forecast	$11.3 million
Staff-Recommended Savings	$5.8 million (2002-2003)
Our Recommended Savings (Full Year)	$5.8 million (2002-2003)
Our Estimate of Realizable Savings	$5.8 million (2002-2003)

2. Description

The Staff Development expenditure category includes costs related to professional development courses that are offered for TDSB teachers. The costs include instructor costs, supply teacher costs, material and supply costs related to the development and operation of the courses, meeting room costs, and food and refreshment costs provided to the teachers who are taking the professional development courses.

According to the Staff, the TDSB recognizes the positive impact of having a good professional development program. TDSB believes that the improvement of teaching skills serves to increase the effectiveness of the educational programs for students. From their perspective, professional staff development is an investment in quality education.

Currently, the Staff Development funds are centrally managed and administered.

3. Staff-Recommended Savings

For the 2002-2003 school year, the Staff is proposing that $5.8 million in budget savings could be realized by allocating Staff Development funds directly to the Superintendent of Schools. The Superintendent would then determine how dollars are to be allocated based on specific area's needs and priorities. TDSB Staff expects to achieve the necessary savings by providing professional development courses after school or on weekends instead of during school hours. Reorganization will reduce the need for occasional teachers, by offering Staff Development outside teaching times. Reorganization will also result in some operation costs if schools will be open on weekends. However, we expect that these incremental costs will be minimal.

Professional development courses could then be focused on critical areas like policy implementation or system training, and could be improved by exploring on-line learning alternatives. It is important to note that a reduction of $5.8 million in the Staff Development budget would effectively bring TDSB's expenditures in this area in line with expenditures of a few years ago.

4. Feasibility

According to TDSB Staff, the recommended budget savings in the Staff Development area for 2002-2003 could reasonably be implemented for September 2002. Ultimately, the essence of implementing such an alternative would involve allocating the available funding to the various School Superintendents. They would be responsible for the deployment of their allocated Staff Development funds according to their local needs and priorities. It is not clear that all of the Staff-recommended alternatives to reduce Staff Development expenditures can effectively be initiated for September 2002. Nevertheless, we would hope that significant steps can be taken by the Superintendents and individual school administrators to improve the efficiency and use of the Staff Development funds. In summary, we believe that achieving cost savings of $5.8 million in this area is feasible

because the proposed reduction effectively brings planned expenditures back down to recent levels.

5. Implications

Some of the implications of reducing the Staff Development budget have been mentioned. Other concerns and implications may include less new teacher support and fewer updating opportunities.

6. Recommendations

a. Short-term

We recommend that the Staff proposal to implement certain measures that would result in estimated savings to the Staff Development expenditures of $5.8 million be implemented for the 2002-2003 school year.

b. Long-term

The Staff-recommended budget proposal for 2002-2003 would effectively reduce Staff Development expenditures from $11.3 million to $5.5 million, or approximately 50%. Expenditures of $5.5 million for Staff Development would bring TDSB's expenditures back down to recent levels. In the long run, we would encourage the TDSB to explore ways to permanently reduce many of the Staff Development expenditures by promoting the practice of holding classes in the evenings or on weekends.

APPENDIX D
EXHIBIT 17

OCCASIONAL TEACHERS

1. Existing Situation

TDSB 2002-2003 Budget Forecast	$34.7 million
Staff-Recommended Savings	$4.6 million (2002-2003)
Our Recommended Savings (Full Year)	$4.6 million (2002-2003)
Our Estimate of Realizable Savings	$4.6 million (2002-2003)

2. Description

Occasional Teachers includes costs incurred for short-term absences of teachers due to illness, professional development, or several other miscellaneous reasons that are cited in the collective bargaining agreements. The Occasional Teacher expenditure category is part of the central budget and the use of the funds is driven by the above conditions.

3. Staff-Recommended Savings

The Staff recommended that the Occasional Teacher budget be reduced by $4.6 million for the 2002-2003 school year. The TDSB's strategy is to allocate the Occasional Teacher resources to each individual school on a formula basis. Currently, the Occasional Teacher budget is centrally administered. TDSB's new plan is to allocate the Occasional Teacher budgets to each individual school and require them to administer and allocate their portion of the available funds. As an incentive to the schools and to assist efficiency, part of the plan is to allow the individual schools to retain up to 50% of their unused allocation. The Staff believes that school administrators will have an incentive to initiate attendance management programs that should serve to reduce teacher attendance issues. Currently, the TDSB does not have an attendance management program.

4. Feasibility

According to Staff, the implementation of the Staff-recommended proposal can be reasonably accomplished for the 2002-2003 school year. The process of implementing the Staff proposal has not yet been initiated and must involve notifying each school principal. Then, funds may be allocated to each school in accordance with a formula that is primarily based on the number of teachers at each school. We suspect that the transition to the new model will not be seamless and that it will probably take a few months to complete. However, we do not expect that any delays in the transition to the new model will have a significant impact on the amount of the anticipated budget savings. School administrators should be motivated to efficiently manage their Occasional Teacher budget immediately.

5. Implications

The implications include increased supervision by other teachers and administrative staff.

6. Outplacement Costs

The reduction in the Occasional Teacher budget does not result in the elimination of TDSB permanent employees. Thus, no outplacement costs will be incurred.

7. Recommendation

a. Short-term

We recommend that the Staff implement their proposal for Occasional Teachers. We also recommend that TDSB Staff closely monitor Occasional Teacher expenditures at each school on a monthly basis, in order to maximize efficiencies.

Implementing a formal and consistent attendance management program, in all schools is important in achieving additional efficiencies. Currently, the TDSB does not have a formal attendance management program. Identifying particular schools and teachers who are responsible for excess usage of the Occasional Teacher budget cannot be readily determined without an attendance tracking system. We recommend that the TDSB seriously consider implementing a formal attendance tracking system in all schools.

b. Long-term

We recommend that the Occasional Teacher expenditures be revisited by the Staff after the 2002-2003 school year, to evaluate the success and effectiveness of the 2002-2003 Staff-recommended proposal. If the plan is successful, we encourage Staff to consider recommending additional budget savings for the 2003-2004. Implementing a formal and standardized attendance management program in all schools should be considered as a mechanism that should realize incremental budget savings in future years.

APPENDIX D
EXHIBITS 18/19

SCHOOL BUDGETS FOR TEXTBOOKS AND CLASSROOM SUPPLIES – SCHOOL CONTROL & CENTRAL CONTROL

1. Existing Situation

TDSB 2002-2003 Budget Forecast – School Control	$53.1 million
TDSB 2002-2003 Budget Forecast – Central Control	$14.2 million
Total School Budget 2002-2003 Forecast	$67.3 million
Staff-Recommended Savings (2002-2003)	$5.0 million - School Control $4.2 million–Central Control
Our Recommended Savings (2002-2003) (Full Year)	$5.0 million - School Control $4.2 million - Central Control
Our Estimate of Realizable Savings (2002-2003)	$5.0 million - School Control $4.2 million - Central Control

2. Description

School operating budgets, for the purchase of textbooks and classroom supplies, are separated into two categories. Part of the school operating budget is controlled by the individual schools and administered by the school's Principal, in accordance with a school's particular needs. The other portion of the school-operating budget is centrally controlled and administered by the Instruction Department. As shown above, approximately $53.1 million, or about 80%, of the total school operating budget expenditures of $67.3 million are controlled by the individual schools. The Provincial funding formula does not distinguish between school-controlled and non-school-controlled school budgets. The TDSB has made the decision to divide the control of such funds between the individual schools and central administration.

The allocation of funds to the schools allows them to support regular classroom and library textbooks and supplies, purchase additional furniture and equipment, and pay for field trip costs, printing, and similar. We understand that there have not been significant reductions to the school budgets in this category since 1999. A portion of the school budget funding is centrally controlled in order to support the schools in implementing and developing Board-mandated programs and initiatives.

According to the Staff, during the 2001-2002 school year, the TDSB received approximately $8.9 million from the Ministry for the purchase of additional textbooks and supplies. A total of approximately $3.3 million exists in the school-controlled budgets to purchase textbooks for the 2002-2003 school year. Hence, some of the budget savings that are recommended can be offset by the funds that were provided by the Ministry.

We understand that individual schools retain any surplus that results from unspent school budgets. According to the Staff, approximately $10.8 million in surplus funds are currently held at the school level. The Staff informs us that the $10.8 million in surplus held by the schools includes the $3.3 million of unspent funds that were provided by the Ministry for the purchase of textbooks. In Appendix F we have recommended that additional savings could be realized by making the schools return a portion of the surplus.

3. <u>Staff-Recommended Savings</u>

The Staff has recommended that the school budgets that are controlled by the schools be reduced by 10% and that centrally-controlled school budgets be reduced by 30% for the 2002-2003 school year. According to the Staff, the percentage reductions represent the maximum reduction that the school budgets can endure. Staff has estimated that a 10% reduction in the school-controlled operating budget would yield estimated savings of approximately $5 million. Staff has also estimated that a 30% reduction in the centrally-controlled school operating budget would yield estimated annual savings of

approximately $4.2 million. In total, Staff has recommended that the combined expenditures for school operating budgets be reduced by approximately $9.0 million ($5 million + $4.2 million).

4. Feasibility

According to TDSB Staff, the implementation of this recommendation could occur for September 2002 simply by reducing the amount of allocated funds to the individual schools, and informing the school administrators of such a reduction. According to Staff, it would be up to the individual school principals to prioritize the spending of their available funds for textbooks and classroom supplies.

5. Implications

The reduced ability to make new textbook purchases may have an impact on the delivery of student instruction. Reductions to the school operating budgets may compromise the school's ability to replace equipment and furniture. Further, students and parents may have to bear the responsibility of purchasing certain supplies that were previously provided by the schools.

6. Recommendations

a. Short-term

We recommend that the Staff-recommended budget savings to the school budget (both school-controlled and central-controlled) be implemented for the 2002-2003 school year.

b. Long-term

We would not recommend any further budget savings in the area of textbooks and classroom supplies because such reductions have a direct impact on the quality of education that is provided to students.

APPENDIX D
EXHIBIT 20

SCHOOL OFFICE SUPPLIES

1. Existing Situation

TDSB 2002-2003 Budget Forecast	$11.9 million
Staff-Recommended Saving	$1.8 million (2002-2003)
Our Recommended Savings (Full Year)	$1.8 million (2002-2003)
Our Estimate of Realizable Savings	$1.8 million (2002-2003)

2. Description

The School Office Supplies budget allocation provides funding to support school offices for expenditures like furniture costs, office computers, telephones, photocopiers, postage, marketing and other general office supplies. A portion of the School Office Supplies budget is controlled by the individual schools and a portion is centrally controlled.

3. Staff-Recommended Savings

Currently, the TDSB overspends the allocated funding by a significant amount. The Staff is recommending that both the school-controlled and non-school-controlled portions of the School Office Supplies budget be reduced by 15%, or approximately $1.8 million. We note that while this reduction is significant, the lower budgeted amount is still significantly higher than its funding allocation and the funding level that other schools in Ontario seem to be able to comply with. TDSB Staff has recommended a general reduction to the budget for all schools but has not recommended suggestions that would assist the school's office staff to cope with a 15% reduction in their supplies budget.

4. Feasibility

According to the TDSB Staff, implementing this specific budget saving proposal would involve simply reducing the amount of allocated funds provided to the school offices and notifying school administrators of such a reduction. Staff believes this recommendation can be reasonably implemented for September 2002.

5. Implications

The implications of a reduced office supplies budget would include reduced expenditures on small furniture, equipment, computers, telephones, photocopiers and other related office supplies. A reduction in available equipment and supplies may compromise the secretaries' ability to support administrators, teachers, parents, and students.

6. Recommendations

a. Short-term

Due to the current financial situation of the TDSB, we recommend that the Staff-recommended budget savings of $1.8 million in the area of School Office Supplies be implemented for September 2002.

b. Long-term

We encourage the TDSB Staff to consider additional reductions to the School Office Supplies budget to further align expenditures with the available funding that is being provided by the Province.

APPENDIX D
EXHIBIT 21

SCHOOL COMMUNITY ADVISORS

1. Existing Situation

Staff-Recommended Savings	$1.0 million (2002-2003)
Our Recommended Savings	$1.12 million (2002-2003)
Our Estimate of Realizable Savings	$0.35 million (2002-2003)

2. Description

At present, the TDSB employs 22 School Community Advisors ("SCA"). SCAs liaise with parents and students and provide support for cultural and socio-economic integration within the school community. The SCAs also provide support to Trustees in identifying and addressing community issues. Finally, SCAs assist in various special projects, such as parent forums, within their assigned communities. We understand that the TDSB is the only Ontario School Board to use SCAs.

3. Staff-Recommended Savings

The position of SCAs is not supported within the Provincial funding model. The Staff propose to reduce the number of SCAs from 22 to four (4). The rationalization of SCAs is expected to be completed by November 30, 2002, with expected cost efficiencies of $0.7 million (or $1.0 million on an annualized basis). The role will be redefined once the rationalizations are completed and the Principals and Trustees have been consulted.

We understand that there are two (2) School Community Managers who oversee the SCAs. The two (2) School Community Manager positions can also be rationalized in conjunction with the SCAs for estimated salary efficiencies in 2002-2003 of $0.084 million.

4. Feasibility

The SCA and Manager positions can be rationalized for September 2002, or as soon as possible thereafter. The expected completion date of rationalization is December 2002.

Due to the close working relationship between the SCA and the Trustees, the Staff expects that the process of rationalizing SCAs could be difficult.

5. Implications

The rationalization of SCAs will result in limited support to immigrant families, to students who are new to the school system, and to Trustees and administrators in dealing with community issues. Special initiatives such as community outreach, parent forums and other local projects may be curtailed. However, other School Boards have been able to deal with these issues, without requiring SCAs.

6. Outplacement Costs

According to TDSB Staff, the SCAs that will be eliminated will be offered severance packages and not an ELP. Therefore, the Staff assumes that the maximum severance costs will be equal to six-months of the SCA's annual salary. The Staff informs us that SCAs have average terms of service of approximately ten (10) to twelve (12) years. Thus, outplaced SCA staff are unlikely to be eligible for the maximum severance benefits. The possibility exists that the unions will successfully grieve the issue and require the TDSB to offer each employee an ELP. Under such a scenario, the outplacement costs would be

equivalent to approximately one-half years of salary. Therefore, we have been cautious and have estimated that the outplacement costs would be equal to one year's salary, half of which would be paid from the severance reserve funds. Thus, our estimated outplacement costs are based on one-half of one year's salary. Since the estimated cost savings include salaries and benefits, we have reduced the savings by the benefit portion. According to Staff, average benefits for SCAs is approximately 12% of their salary.

Despite the Staff's assumptions, our review of the relevant collective bargaining agreement indicates that there may be some uncertainty regarding how the mass elimination of an employee category can be dealt with. It is reasonable to assume that the unions will grieve the TDSB's offer of a severance package instead of an ELP. The unions may argue that the elimination of a job category constitutes a restructuring and thus an ELP would be warranted. It is possible that the TDSB will have to offer an ELP to the SCAs, in which case the related outplacement costs will be equal to a maximum of one and one-half year's worth of an SCA's annual salary.

After deducting the estimated outplacement costs in 2002-2003 of approximately $0.44 million, it will cost the TDSB approximately $0.344 million to reduce the SCA's in 2002-2003. However, the future recurring savings that will result from implementing these efficiencies is necessary to rationalize the TDSB's operations.

7. Recommendations

The SCA and School Community Manager roles are non-mandated positions. We recommend that the SCAs be rationalized as proposed by the Staff. Reducing SCAs will likely have only indirect impacts on the classrooms. The School Community Manager role is no longer required as a result of the rationalization of staff. The outplacement of School Community advisors and managers should be initiated for September 2002, or as soon as possible thereafter.

APPENDIX D
EXHIBIT 22

INTAKE WORKERS

1. Existing Situation

Staff-Recommended Savings	$0.2 million (2002-2003)
Our Recommended Savings (Full Year)	$0.14 million (2002-2003)
Our Estimate of Realizable Savings	($0.04 million) (2002-2003)

2. Description

The TDSB currently employs six Intake Workers ("IW") at its two reception centres. IWs provide orientation services for new students and their families and guide them through the registration and testing process. IWs are typically fluent in multiple languages and can assist new immigrant families in their native tongues.

The testing and registration of new students can be performed at local schools. However, local processing would require a redeployment of school staff to this function. For example, an ESL teacher who currently carries a full classroom teaching schedule would have to relinquish one or two classes (teaching periods) in order to free up time for new student evaluations. We have been advised by the Staff that centralized testing facilities increase efficiency, improve the accuracy of assessments, and thereby improve the quality of the programs that are prescribed for new students with special needs (e.g., language training).

3. Staff-Recommended Savings

The position of Intake Workers is not specifically recognized by the Provincial delivery model. The employment of an IW, and the operation of the Intake Centres themselves, is

a discretionary program decision of the TDSB. Currently, TDSB employs six (6) IW's. The Staff propose to reduce the number of IWs by four (4).

If initiated in early September 2002, the rationalization of IW should be completed by November 30, 2002. The expected realizable salary efficiencies for 2002-2003 are $0.14 million (or annualized cost benefits of $0.2 million).

4. Feasibility

The reduction of IWs can be effected for September 2002, with expected completion by November 2002.

5. Implications

The reduction of IWs will reduce the level of support that is provided to students and their families as they navigate the Intake Centre processes and procedures. Processing times at the Intake Centres may increase. TDSB has indicated that per diem (contract) workers may have to be hired during peak enrolment periods to assist families.

Skill testing and program design for new students may have to be performed by local schools if processing efficiency at the Intake Centres declines.

6. Outplacement Costs

IWs will have bumping rights that will delay the finalization and determination of outplacement costs. However, the Staff believes that the ultimately outplaced employees' salaries will approximate those of the IWs. The Staff have advised us that the actual salaries for the IWs will be approximately $0.2 million. We have assumed that the IWs will be offered severance packages. Thus, we have estimated that the

outplacement costs related to the out-placed IWs will approximate six month's of salary, which is the equivalent of approximately $0.1 million.

After deducting the estimated outplacement costs in 2002-2003 the TDSB will realize savings of approximately $0.04 million.

7. Recommendation

The use of an IW is a discretionary decision of the TDSB. The rationalization of IWs should not materially impact the operating objectives of the TDSB's Intake Centres. The Intake Centres will still maintain their core capacity to test and evaluate new students. Thus, we recommend that the number of IWs be reduced from six to two for September, 2002, or as soon as possible thereafter. We further recommend that, if possible, the TDSB do not hire per diem workers during peak periods, but rather operate the Intake Centres using in-house staff.

APPENDIX D
EXHIBIT 23

PARA-PROFESSIONAL SUPPLIES

1. Existing Situation

TDSB 2002-2003 Budget Forecast	$ 64 million
Staff-Recommended Savings	$ 1.6 million (2002-2003) $ 0.8 million (2003-2004)
Our Recommended Savings (Full Year)	$ 1.6 million (2002-2003) $ 0.8 million (2003-2004)
Our Estimate of Realizable Savings	$ 1.6 million (2002-2003) $ 0.8 million (2003-2004)

2. Description

This category represents the costs of all supplies and materials that are used to aid the various para-professionals across the School Board. According to the March 2001 report, entitled "Programs and Services to Support Student Success", the 2000-2001 para-professional supply expenditures total $2.6 million. We have not been provided with detailed information as to the various items that make up the $2.6 million.

3. Staff-Recommended Savings

The Staff has proposed to restrict the 2002-2003 spending of para-professional supplies from $2.6 million to $1 million, resulting in cost savings of $1.6 million. The projected annual cost savings for 2003-2004 are $0.8 million.

4. Feasibility

Implementation of the proposed cost savings of $1.6 million may be feasible for September of 2002. However, we have not been provided with an analysis of the specific spending restrictions that make up the $1.6M in proposed savings. Hence, an evaluation is not possible at this time.

5. Implications

According to the Staff, the primary implication of the proposed reduction in supplies is that students in need of para-professional services will have a lower level of learning resources available to them during their sessions.

6. Recommendation

a. *Short-term*

Para-professional supplies spending can be restructured to $1.0 million in September 2002, resulting in savings of approximately $1.6 million. However, we are placing reliance on the Staff for this cost saving suggestion.

b. *Long-term*

Para-professional supplies spending can be reduced to $0.2 million in September 2003, resulting in savings of an additional $0.8 million. Once again, Staff would have to be relied upon because we have not seen details of the spending.

APPENDIX D
EXHIBIT 24

AQUATICS/POOLS

1. Existing Situation

TDSB 2002-2003 Budget Forecast	$15.4 million
Staff-Recommended Savings	$10.7 million (2002-2003)
Our Recommended Savings (Full Year)	$10.7 million (2002-2003)
Our Estimate of Realizable Savings	$5.8 million (2002-2003)

2. Description

The TDSB currently owns and operates 84 swimming pools, employing 115 lifeguards and aquatics instructors. Schedule 1 to this Exhibit provides a breakdown of the estimated costs of operating all of the swimming pools. The Provincial education funding formula does not recognize the operation of swimming pools. Hence, in theory, any dollars that are allocated to the operation of swimming pools must come directly from the funds provided by the Province for classroom instruction.

The City of Toronto continues to be the largest user of the swimming pools. The City of Toronto uses the pools to conduct various community programs and activities. The TDSB earns approximately $2.4 million from the leasing of their pools to the City of Toronto. Upon notification that the TDSB was considering the closure of all of its swimming pools, Staff has informed us that the City of Toronto offered to contribute $6.3 million towards the operation of the pools, under the condition that most of the swimming pools would remain open and that the City of Toronto would be able to use the pools at no incremental charge.

According to the Staff, the City of Toronto currently uses approximately 47 of the 84 swimming pools to run various community programs. In theory, the $6.3 million figure

represents the operating costs related to the 47 swimming pools used by the City of Toronto. Hence, the City of Toronto has offered to fund the operating costs of the 47 swimming pools that they use. We understand that one of the terms of the City's offer is that the TDSB must provide assurance that all of the pools will remain open for use by the students and community groups.

3. **Staff-Recommended Savings**

The Staff has recommended ceasing the operation of all swimming pools, with the exception of certain Special Education programs that involve the use of swimming pools.

We understand that the costs relating to the Special Education program are $0.25 million, and that these costs will be incurred as part of the Special Education spending category in the 2002-2003 school year. TDSB Staff has estimated that ceasing the operation of all of the swimming pools would render estimated cost savings of approximately $10.7 million, after the consideration of closing costs. Schedule 1 to this Exhibit provides a detailed breakdown of the estimated cost savings. The estimated cost savings was provided by the Staff and we have not been able to assess the reasonability of their estimate of the costs related to closing down the pools ($0.6 million) or the costs that will continue to be incurred even after the pools are closed ($1.7 million).

According to the Staff, the TDSB recently offered to sell all of their swimming pools to the City of Toronto. The City of Toronto has rejected the offer.

The Staff has informed us that another viable option would be for the TDSB to operate only the number of pools in which the costs would be offset by the $6.3 million contribution from the City of Toronto. Such an alternative would allow some of the pools to remain open to meet some of the requirements of the students and the surrounding communities. Nevertheless, it is interesting to note that the TDSB Staff has decided not to recommend such an option.

4. Feasibility

The Staff has not commenced the process of ceasing the operation of swimming pools. Implementing the closure of the swimming pools would involve the elimination of 115 lifeguard and instructor positions. Staff estimates that if the process of closing the pools were commenced immediately, it may take several months to fully realize the associated cost savings. Furthermore, we understand that it may be difficult to close the swimming pools for September 2002, as some commitments have been made to the City of Toronto until the end of the 2002 calendar year. Hence, the annualized estimated cost savings related to the salary portion of $3.3 million and the operating cost portion of $7.4 million will not likely be fully realized in the 2002-2003 school year.

We have cautiously estimated the cost savings in 2002-2003 by assuming that there will be a three-month delay in realizing both the operating costs and the salary savings.

5. Implications

The implications of ceasing the operations of the swimming pools include:

a. Loss of curriculum and co-curriculum programs at the elementary and secondary levels;

b. Loss of life skill instruction for elementary students;

c. Reduced opportunities for inner-city students to learn how to swim;

d. Loss of recreational opportunities for students;

e. Additional in-class space will be required due to loss of swimming pool locations; and

f. Loss of recreational programs for communities and community groups.

Nevertheless, other School Boards do not operate swimming pools. Other bodies or agencies, other than Education, should provide funding.

6. Outplacement Costs

According to TDSB Human Resources Staff, the lifeguards and instructors who will be eliminated will be offered severance packages and not an ELP. Therefore, Staff has assumed that the maximum severance costs will be equal to six-month's salary. We have estimated that the severance costs related to the 115 lifeguards and instructors will be approximately $1.3 million in 2002-2003.

As previously discussed in our report, the possibility exists that the unions will grieve the issue of offering severance packages and request that the TDSB offer each employee an ELP. Under such a scenario, the outplacement costs would be equivalent to approximately one and one-half year's of salary. Therefore, we have been cautious and have estimated that the outplacement costs would be equal to one-year's salary, half of which will be paid from the severance reserve funds. Even if the TDSB is not required to offer the ELPs, it is conceivable that the TDSB will incur a significant amount of legal and arbitration-related costs in order to deal with the union's expected concerns and grievances. Our estimated outplacement costs are based on six-month's salary. Since the estimated cost savings of $3.3 million include salaries and benefits, we have reduced the savings by the benefit portion. According to Staff, the average benefits for the lifeguards and aquatic instructors is approximately 20% of their salary.

The net realized savings in 2002-2003 in operating and salary costs relating to the closure of all pools after deducting the estimated outplacement costs, is approximately $6.2 million.

7. Recommendations

a. Short-term

Swimming pools provide a functional purpose to elementary and secondary students. Nevertheless, swimming pools are not recognized by the Province-wide funding formula as making an important contribution to the delivery of quality education to students. In light of the current financial situation, we recommend that the TDSB implement measures that would realize significant cost savings in the area of Aquatics. The preferred alternative would be for the TDSB to reach an agreement with the City of Toronto to use the $6.3 million in contributions by the City of Toronto to keep some of the swimming pools open. Such an alternative would still allow the TDSB to realize annual savings of approximately $10.7 million (although it will be less in the 2002-2003 school year).

If an agreement cannot be reached with the City of Toronto, we recommend that all, or a significant portion, of TDSB's pools be closed in order to focus the Board's available resources on delivering a high quality education to its students.

b. Long-term

In the future, we recommend that TDSB Staff explore ways in which some or all of the swimming pools could be re-opened at minimal costs. Some suggestions would be to establish operating partnerships with the City of Toronto or other community groups, increase the revenue that is earned by leasing the facilities to groups, and charge student user fees.

TORONTO DISTRICT SCHOOL BOARD

AQUATICS/POOLS/SAVINGS

(in thousands)

Breakdown of Operating Costs

Operating Costs	$10,000
Renewal Costs	$1,700
Instruction/Lifeguard Costs	$3,300
Rental Costs	$400
Total Costs	**$15,400**

Breakdown of Estimate Savings

Operating Costs	$10,000
Renewal Costs	$1,700
Instruction/Lifeguard Costs	$3,300
Rental Costs	$400
Foregone Revenues by City of Toronto	($2,400)
Costs That Will Still Have to Be Incurred (i.e., utility costs)	($1,700)
Costs to Close Down the Pools	($600)
Total Costs	**$10,700**

APPENDIX D
EXHIBIT 25

LUNCHROOM SUPERVISORS

1. Existing Situation

Staff-Recommended Savings	$4.0 million (2002-2003) $4.2 million (2003-2004)
Our Recommended Savings (Full Year)	$8.0 million (2002-2003)
Our Estimate of Realizable Savings	$ 1.8 million (2002-2003)

2. Description

In 2001-2002, the TDSB employed 1,884 Lunchroom Supervisors. For 2002-2003, the TDSB plans to employ 1,702 Lunchroom Supervisors. Lunchroom Supervisors are responsible for chaperoning students during the noon-hour. Lunchroom Supervisors also conduct student activities and programs for students.

According to the Staff, the use of Lunchroom Supervisors is not a common practice among Ontario School Boards. Most other School Boards utilize existing teacher Staff for supervision during the lunch hour.

The TDSB is currently standardizing the ratio of pupils to supervisor to 60:1. Supervisor work hours are 6.25 hours per week, and they are paid a maximum of $16.93 per hour.

3. Staff-Recommended Savings

Original Recommendation

The use of Lunchroom Supervisors is not a mandated requirement, and is a discretionary program decision of the TDSB. The Staff propose to eliminate the use of Lunchroom Supervisors over a period of two years, and to assign existing teachers to lunchroom supervision duty. We anticipate cost efficiencies in the first phase of Lunchroom Supervisor reductions in 2002-2003 to be $3.2 million (or an annualized benefit of $4.0 million). The second phase of rationalization is expected to generate an additional $4.2 million in annual efficiencies in 2003-2004.

An alternative to assigning teachers to supervise students during lunch periods is to solicit parent volunteers. The Staff believe that volunteer assistance would be available.

The Staff have estimated that the probable cost efficiencies of replacing Lunchroom Supervisors will be $8.2 million, based upon average annual salary and benefit costs of approximately $5,000 per supervisor.

Current Recommendation

TDSB Staff has indicated that their current recommendation would involve the elimination of most of the Lunchroom Supervisors in one year (2002-2003) as opposed to over a two-year period. The Staff is proposing to eliminate approximately 75% of the Lunchroom Supervisors as of January 1, 2003. The Staff indicated that if the elimination process begins in September 2002, it will take until the end of December 2002 to have all of the employees exercise their various rights in their collective bargaining agreement, such as "bumping rights". Therefore, the Staff is proposing to eliminate the Lunchroom Supervisors effective January 1, 2003. The Staff estimates that 25% of the Lunchroom Supervisors will have to be kept to accommodate schools that do not have lunch rooms or congregated areas; inner city schools; and due to expected union concerns. The Staff

estimates that the TDSB will realize approximately $3.6 million in savings in the 2002-2003 school year. The $3.6 million was estimated as follows:

Lunchroom Supervisor Salaries and Benefits	$8 million
At 75%	$6 million
Pro-rated for 6/10 months	$3.6 million

The $3.6 million in expected savings from the Staff's revised recommendation does not include any potential outplacement costs.

4. Feasibility

Original Recommendation

The reduction of Lunchroom Supervisors can be initiated in September 2002, subject to collective bargaining conditions and the implications set out hereunder. The first phase of rationalization of Lunchroom Supervisors, for $3.2 million in 2002-2003 efficiencies, should be completed by October 31, 2002. The Second phase of Lunchroom Supervisor efficiencies of $4.2 million can be completed for the commencement of the 2003-2004 school year. It is not expected that many Lunchroom Supervisors will successfully invoke their "bumping" or transfer rights within their collective bargaining agreement.

The Staff have advised us that assigning teachers to lunchroom supervision could result in objections from the Elementary teachers' union. We understand that the Secondary teachers' union has successfully negotiated with the School Board that their members will not be required to perform supervisory duties (or are subject to very restricted supervisory responsibilities). The Elementary teachers' union has indicated that they will be seeking similar provisions.

Notwithstanding the potential labour union consequences, we understand that Teachers can be directed by Principals to supervise students, subject to any specific limitations in their relevant collective bargaining agreement.

Current Recommendation

The current recommendation could be achieved for January 1, 2003, as long as the process to eliminate 75% of the lunchroom supervisors occurs no later than early October 2002. The union concerns that have been mentioned above are also relevant.

5. Implications

Assigning teachers to lunchroom supervision duty may require a number of logistical accommodations. Teachers are entitled to an uninterrupted 40-minute lunch break. Thus, lunch periods may have to be staggered in order to accommodate teacher schedules. The assignment of teachers to lunchroom supervision will reduce the preparation time that is now available during school hours. School days may have to be extended (by approximately 10 minutes). Staff meetings that are currently held during the lunch hour may now have to be conducted before or after school hours.

We understand that replacing Lunchroom Supervisors with either teachers or volunteers may be a potential breach of existing collective bargaining provisions. (i.e., prohibitions against replacing union members with non-union workers.) Further, some teachers may object to assuming additional responsibilities.

6. Outplacement Costs

Based on our discussions with TDSB Human Resources Staff, they believe that the Lunchroom Supervisors would likely not be eligible to receive an ELP as many of the Lunchroom Supervisors are part-time employees and are not eligible for benefits. Rather, they would be laid off and offered a severance package.

According to the Staff's assumptions, the maximum severance that would be paid out would be the equivalent of six month's salary under the severance option. Many of the Lunchroom Supervisors have been with the TDSB for over ten to fifteen years.

It may be the case that the TDSB will have to offer an ELP to the Lunchroom Supervisors, in which case the related outplacement costs will be equal to a maximum of one and one-half year's worth of annual salaries.

As a result, we have estimated the outplacement costs in respect of the elimination of this employee group at only three-quarters of the annual salaries of the out-placed employees. However, the Ministry provided the TDSB with a reserve fund to pay for one-half year's salary of any severance or ELP package that was offered as part of restructuring. We understand that the TDSB currently has money left in this reserve fund. Hence, TDSB would be able to use the money to pay outplacement costs that are equal to six months of the annual salaries of the out-placed employees. Under our assumptions, the TDSB would have to incur outplacement costs that are equal to one-quarter of the annual salaries.

After consideration of outplacement costs, we have estimated that the TDSB will realize savings of $1.8 million in 2002-2003 for Lunchroom Supervisors.

7. Recommendations

The use of Lunchroom Supervisors is a discretionary program that does not receive specific funding. The TDSB finds itself in a financial position that demands fiscal efficiency. Thus, we recommend that the TDSB curtail the use of most of the Lunchroom Supervisors. We recommend that the TDSB adopt its current proposal of eliminating 75% of all Lunchroom Supervisors effective January 1, 2003. Teachers should assume lunchroom supervision duties. The Staff should initiate the process of using parent-volunteers in future years, subject to the co-operation of the relevant labour unions.

APPENDIX D
EXHIBIT 26

SECRETARIAL SERVICES

1. Existing Situation

TDSB 2002-2003 Budget Forecast	$62.7 million
Staff-Recommended Savings	$4.0 million (2002-2003) $2.6 million (2003-2004)
Our Recommended Savings (Full Year)	$3.5 million (2002-2003) $2.0 million (2003-2004)
Our Estimate of Realizable Savings/(Costs)	($1.75) million (2002-2003) ($0.4) million (2003-2004)

2. Description

As of May 2002, the TDSB employs approximately 1,371 secretaries. In March 2001, the Trustees approved a formula that allocated secretaries to schools based on factors such as: number of students; number of teachers; number of special education teachers; and the ranking of the school by the learning opportunities index. The allocation formula would allocate secretaries to individual schools in increments of 0.5 FTE. Schools cannot have less than one secretary and some elementary schools can have a maximum of 2.5 FTE secretaries, and secondary schools can have a maximum of 10 FTE secretaries.

In the summer of 2001, the secretaries in the elementary panel were redeployed. The application of the new allocation formula to the secondary schools resulted in the elimination of approximately 101 FTE positions, or approximately 1 secretary per school.

3. Staff-Recommended Savings

The Staff has recommended applying the secretary allocation model to secondary schools. The Staff is planning to complete the process of applying the secretary allocation model over the 2002-2003 and 2003-2004 school years.

The application of the allocation model results in the elimination of 101 FTE positions in 2002-2003, for estimated cost savings of approximately $4 million. The cost savings were estimated using the average salary for secretaries and the reduction of 101 FTE positions.

The 101 FTE positions include the elimination of 16 FTE "flex" positions. "Flex" secretaries are a pool of secretaries that are available to be allocated to certain schools that have special needs. Such needs would be beyond those that are already factored into the secretary allocation model. Staff has informed us that all of the 16 FTE flex secretaries have already been staffed for the 2002-2003 school year, and thus cannot be eliminated for the upcoming school year. As a result, the feasible number of Staff-recommended secretary eliminations that can be effectively implemented for 2002-2003, is reduced from 101 FTE to 85 FTE.

According to our analysis in Schedule 1 to this Exhibit, the elimination of 85 FTE positions would realize annual cost savings of only $3.5 million, and not the $4 million that was estimated by the Staff. It is important to note that the Staff's recommendation of eliminating 101 FTE could likely have been achieved if the proposal had been implemented earlier in the year. We have estimated that the pro-rated cost savings available in 2002-2003 will be $2.45 million.

For the 2003-2004 school year, Staff anticipates achieving approximately $2.6 million in cost savings from the elimination of additional secretaries. According to the average secretary salary of $41,150, the TDSB would have to eliminate an additional 63 FTE positions to achieve such savings. We understand that no specific plans are in place with

respect to achieving additional cost savings in the area of school secretaries for the 2003-2004 school year. However, Staff budget analyses indicate that the plan is to eliminate only 49 FTE secretaries in 2003-2004, which would realize only $2 million in savings, as calculated in Schedule 1 of this Exhibit.

4. Feasibility

According to the Staff, implementation of their proposal has not commenced. Implementation would impact several secondary schools, because secretaries would be reallocated to comply with the secretary allocation. According to Staff, the process of implementing the recommendation will take a few months. The delay will likely arise because the secretaries can exercise their "bumping rights" and other provisions that are included in their collective bargaining agreements. In essence, the cost savings of $4 million will not be fully realized in 2002-2003 because the process of eliminating 85 FTE secretaries will likely take some months to materialize.

Since the number of secretaries that can be eliminated for the 2002-2003 school year has been reduced to 85 FTE, the expected cost savings would also have to be reduced from $4 million to $3.5 million. See Schedule 1 to this Exhibit for further details.

5. Implications

The implications of reducing the allocation of school secretaries to schools are uncertain.

6. Outplacement Costs

We have estimated that the TDSB will incur approximately $4.2 million in outplacement costs in respect of the reduced secretarial positions in 2002-2003. Our estimate is based on the assumption that the TDSB will choose the Early Leaving Plan ("ELP") and thus incur the equivalent of one-half year's salary for outplacement costs. According to Staff, the alternative of offering severance packages would not be feasible because it would

take several months for the secretaries to exercise the various rights that they have in their collective agreement contracts. Most of the secretaries have many years of service, and thus grievances would likely ensue if the TDSB opted for the severance route instead of the ELP route.

Our outplacement cost analysis is predicated on the assumption that all of the secretaries would be offered the ELP and most of them would also be eligible for maximum retirement gratuities. Therefore, the maximum amount that secretaries could receive in outplacement costs would be two-year's salary (1.5 in ELP plus 0.5 in retirement gratuities). According to TDSB Human Resources Staff, most of the secretaries who would be targeted for the ELP would have enough years of service to qualify for the full retirement gratuity and the full ELP.

We have assumed that the TDSB will incur total severance costs equal to two year's worth of salaries, six months of which would be paid from the Ministry-provided severance reserve funds. Hence, our estimated outplacement costs are equal to one and one-half year's salary. Since the estimated cost savings of $3.5 million includes salaries and benefits, we have reduced the savings by the benefit portion. According to Staff, the average benefits for secretarial employees are approximately 20% of their salary.

The net realized costs in 2002-2003, after deducting the estimated outplacement costs of $4.2 million from the estimated savings of $2.45 million, are approximately $1.75 million. As a result, the elimination of excess secretarial staff will not achieve any cost savings for 2002-2003.

7. Recommendations

a. Short-term

We recommend that the TDSB fully implement the new allocation formula for all secondary schools and proceed to eliminate the necessary positions.

b. Long-term

After the Staff completes the process of ensuring that the new secretary allocation model is implemented, we recommend that the Staff consider reducing the number of hours worked by secretaries from 35 hours per week to 30 hours per week. Such a change would allow the TDSB to realize additional cost savings that would allow their expenditures to become more aligned with the Province-wide funding.

TORONTO DISTRICT SCHOOL BOARD

SECRETARIAL SERVICES

(in thousands)

Our Estimates

Years	Number of Secretary Positions Eliminated	Average Salary (plus Benefits)	Total Estimated Annual Savings
2002-2003	85	$41,149.20	$3,497,682
2003-2004	49	$41,149.20	$2,016,311
	134	**Total Savings**	$5,513,993

Staff Estimates

2002-2003 Savings		$4,000,000
2003-2004 Savings		$2,600,000
	Total Savings	$6,600,000

APPENDIX D
EXHIBIT 27

CONTINUING EDUCATION – PARENTING AND FAMILY LITERACY CENTRES

1. Existing Situation

TDSB 2002-2003 Budget Forecast*	$49.1 million
Staff-Recommended Savings	$0.5 million (2002-2003) $1.5 million (2003-2004)
Our Recommended Savings (Full Year)	$1.665 million (2002-2003)
Our Estimate of Realizable Savings	$1.17 million (2002-2003)

* For all Continuing Education programs.

2. Description

The TDSB currently operates 40 parenting centres within Metropolitan Toronto. The parenting centres provide programs for pre-school children. The aim of the parenting centres is to promote basic academic and social skills, and to prepare children in inner-city neighborhoods for school. According to the Staff, each site incurs approximately $50,000 in staffing costs. Certain specific programs that are operated by the parenting centres are funded by external agencies. Such funding would be withdrawn if the Board closes the parenting centers.

3. Staff-Recommended Savings

The Staff proposes to terminate all parenting centre programs as of September 2002, and the operations of the parenting centres would be terminated as of September 2003.

The Staff estimates that $2 million in budget efficiencies can be realized if all 40 parenting centres are closed (assuming average staffing costs of $50,000 per annum).

Based upon our discussions with the Staff, we understand that the termination of the parenting centre programs and operations can be initiated for September 2002. The program and operations closure process is expected to be completed by November 30, 2002. The estimated budget efficiencies of closing the parenting centres by November 30, 2002 are $1.4 million (or $2 million on an annualized basis).

4. Feasibility

The closure of TDSB's existing parenting centres can be effected for September 2002, with expected completion by November 30, 2002. The Staff anticipates considerable community resistance to closing the parenting centres.

5. Implications

If community groups assume financial and operating responsibility for the family literacy and Roots of Empathy programs, parents will continue to have access to such a resource.

6. Outplacement Costs

TDSB Staff has assumed that the eliminated positions can be effectively dealt with by offering the employees a severance package instead of the ELP package. According to the Staff's assumptions, the maximum severance that would be paid is six months of the employee's salary.

Human Resource Staff at TDSB has informed us that the employees of the Parent and Family Literacy programs are part of the CUPE collective agreement (Unit A).

According to the Staff, the Unit A agreement provides the TDSB with more freedom to offer the employees a severance package, instead of an ELP. We have relied on the representations of the Human Resources Staff and have assumed that the maximum amount of outplacement costs relating to this group of employees would be six months of salary.

The Ministry provided the TDSB with a severance reserve fund to pay the equivalent of six months of any severance package that was offered as part of restructuring. The special severance reserve funds could be used to offset all of the outplacement costs in this category. As a result, TDSB Staff believes that they will not have to incur any severance costs related to the elimination of this employee group, because the reserve fund will cover the maximum severance package of six-month's of an employee's salary.

7. Recommendations

The parenting centres are discretionary programs that do not receive specific resources from the Province. The TDSB has failed to implement sufficient efficiencies in order to redistribute available resources to discretionary programs. Thus, we recommend that the parenting centres be closed for September 2002, or as soon as possible thereafter.

APPENDIX D
EXHIBIT 28

INTERNATIONAL LANGUAGES ELEMENTARY

1. Existing Situation

TDSB 2002-2003 Budget Forecast*	$49.1 million
Staff-Recommended Savings	$0.75 million (2002-2003) $0.40 million (2003-2004)
Our Recommended Savings (Full Year)	$0.91 million (2002-2003) $0.13million (2003-2004)
Our Estimate of Realizable Savings	$0.91 million (2002-2003) $0.13 million (2003-2004)

* For all Continuing Education programs.

2. Description

The TDSB currently offers three delivery models for International Languages programs at the Elementary level. There are approximately 33,000 students learning 40 different languages through the following delivery models:

a) Saturday Morning Classes: 555 classes at 53 sites.
b) After-School Classes: 469 classes at 100 sites.
c) Integrated Classes: 303 classes at 17 sites.

A particular International Languages Program is offered by the School Board if it is requested by 25 or more parents on behalf of children who are enrolled in the regular Elementary panel[1].

[1] According to Regulation 285, Section 5 of the Education Act, Ontario.

3. Staff-Recommended Savings

While the delivery of Languages programs is mandated by the Province, the individual School Board does retain freedom to choose the delivery model. By rescheduling the delivery times of its International Languages Elementary program, the School Board can realize facilities and administrative support efficiencies.

The Staff propose to limit the delivery of most Elementary International Language programs to the After-School format only. This will involve rescheduling all weekend classes and integrated weekday classes. Additional savings are available by increasing the average class size of Elementary International Languages classes to at least 25 pupils. The restructuring is to be phased in over 2002 and 2003.

Timeline:

Rationalization of Weekend Programs	September 2002
Rationalization of Class Sizes	September 2002
Rationalization of Integrated Programs	September 2003

The foregoing initiatives are expected to generate savings in the areas of facilities costs (avoid weekend facility operations), instructor costs, and administrative/support costs. The Schedule attached to this Exhibit provides additional details of the Staff's estimate of expected savings.

4. Feasibility

We have been advised that the weekend Languages classes can be rescheduled for September 2002. The Staff has indicated that enrolment for the weekend courses has not yet started, and that class sizes can still be adjusted.

The rescheduling of integrated programs cannot be completed for the coming school year as timetables have already been set and staffing has been assigned. Integrated classes can be rescheduled for September 2003. However, we understand that the size of the integrated classes can be adjusted for the 2002-2003 school year.

5. Implications

The rationalization of programs from daytime and weekend offerings will result in some enrolment attrition as students and/or parents cannot adjust to the new schedules. Evening courses will also result in longer days for young students.

6. Outplacement Costs

We understand that instructors and staff for many other Continuing Education Languages are often retained on a contract basis. Thus, employment obligations are minimal. A small number of staff redundancies (in clerical and support positions) are expected. Most of the displaced staff will be absorbed through attrition in other programs. The Staff do not expect the outplacement costs for the outgoing employees to be material.

7. Recommendations

Modifying the timing of the delivery of International Languages Elementary programs will generate appreciable savings, while avoiding reductions in the variety of language programs that are offered by the TDSB.

a. Short-Term

We recommend that the International Languages Elementary program be rationalized into the after-school format as soon as possible. All weekend programs should be rescheduled to after-school hours beginning in September 2002.

b. Long-Term

The Integrated programs should be restructured into the after-school format beginning in September 2003, or earlier if possible to increase efficiencies in this area.

TORONTO DISTRICT SCHOOL BOARD

ESTIMATED SAVINGS - INTERNATIONAL LANGUAGES

2002-2003 Initiatives

1. Move weekend classes to weekday	$ 785,310
2. Rationalize all International Languages classes to average class size of at least 25 pupils	$ 126,702
Total 2002-2003 Savings	$ 912,012

2003-2004 Initiatives

1. Move integrated day classes to after school	$ 132,000
Total Estimated Annual Savings	**$ 1,044,012**

APPENDIX D
EXHIBIT 29

ELEMENTARY ACADEMIC SUMMER SCHOOL – GRADES 3 AND 6

1. Existing Situation

TDSB 2002-2003 Budget Forecast*	$49.1 million
Staff-Recommended Savings	$ 0.7 million (2002-2003)
Our Recommended Savings (Full Year)	$ 0.7 million (2002-2003)
Our Estimate of Realizable Savings	$ 0.7 million (2002-2003)

*Represents all Continuing Education programs.

2. Description

The TDSB currently has approximately 400 summer assistance and ESL classes operating at 61 schools during the month of July (3 hours each day for 18 days). The program is currently delivered to students with remedial needs in Grades 3, 6, 7 and 8. Ministry funding is provided for Grades 7 and 8 remedial summer programs. Funding is not provided for the Grades 3 and 6 remedial summer programs. According to the Staff, there are approximately 7,000 students who attend the Grades 3, 6, 7 and 8 Academic Summer School programs. Approximately one-half (1/2) of these students attend the Grades 3 and 6 Academic Summer School programs.

3. Staff-Recommended Savings

The Staff proposes to eliminate the Grades 3 and 6 Academic Summer School programs for the summer of 2003. Cost savings of approximately $0.7 million are expected.

4. Feasibility

According to the Staff, their proposal is feasible and can be implemented by the summer of 2003. We understand that the program closure will not result in the elimination of employment positions.

5. Implications

According to the Staff, the primary effect of eliminating the Grades 3 and 6 summer programs is an increased risk that students will not be successful during the succeeding school year.

6. Recommendations

a. Short-Term

The Staff should implement its proposals as soon as possible to generate cost savings of $0.7 million in 2002-2003.

b. Long-Term

The staff should pursue alternate delivery models to increase efficiencies in this area.

APPENDIX D
EXHIBIT 30

YOUTH COUNSELLORS

1. Existing Situation

Staff-Recommended Savings	$0.7 million (2002-2003)
Our Recommended Savings (Full Year)	$0.56 million (2002-2003)
Our Estimate of Realizable Savings/(Costs)	($0.06 million) (2002-2003)

2. Description

The TDSB currently employs 13 Youth Counsellors ("YC"). YCs are currently assigned to the TDSB's alternative program schools and to a select number of regular secondary schools. YCs provide support for troubled youths and high-risk youths. YCs address issues such as suicide, substance addiction, family problems and so forth. YCs are responsible for monitoring attendance, liaising with parents/guardians and intervening (along with social agencies) where appropriate. YCs also intercede in crisis situations and assist in conflict resolution.

3. Staff-Recommended Savings

The position of YC is not specifically funded by the Provincial delivery model. The Staff propose to transfer the YC function to the TDSB's existing pool of Social Workers. There is one (1) existing YC who is a qualified Social Worker and can be redeployed accordingly. YCs who are not qualified social workers may be redeployed elsewhere within TDSB according to their qualifications (where possible), or be outplaced.

If initiated by September 1, 2002, the rationalization of the YC position should be completed by October 31, 2002. The estimated realizable cost efficiencies relating to the reduction of 12 YCs amounts to $0.56 million.

4. Feasibility

The reassignment of the qualified YC to the Social Worker Pool can be initiated in September 2002. The expected completion date of rationalization of the remaining YCs would be October 31, 2002.

5. Implications

The rationalization of YCs may affect the attendance and academic achievement of high-risk students. Since only one of the existing Youth Counselors is qualified for transfer to the Social Worker staff, the overall workload for social workers will increase. The loss of preventative and crisis intervention capacity should be monitored.

6. Outplacement Costs

According to Human Resources Staff at TDSB, outplaced Youth Counselors will be entitled to the ELP under their collective agreement (CUPE, Unit A). The expected displacement compensation for 2002-2003 is approximately $0.616 million. Our estimate is based on the assumption that the TDSB will opt for the ELP route and will incur the equivalent of one and one-half years of severance, one-half years of which would be paid from the severance reserve funds. Therefore, we have assumed that the TDSB will incur total severance costs equal to one year's worth of salary. Since the estimated cost savings includes salaries and benefits, we have reduced the savings by the benefit portion. According to Staff, the average benefits for YCs is approximately 12% of their salary.

After deducting the estimated outplacement costs in 2002-2003 of approximately $0.616 million from the expected salary savings of $0.56 million, it will cost the TDSB approximately $0.056 million to reduce the YC in 2002-2003. However, the future recurring savings that will result from implementing these efficiencies is necessary to align TDSB's expenditures with its fiscal abilities.

7. Recommendation

The use of YCs is a discretionary program decision. Thus, we recommend that the rationalization and re-assignment of YCs be initiated in September 2002, or as soon as possible thereafter. However, monitoring of program adjustment impacts should occur.

APPENDIX D
EXHIBIT 31

ATTENDANCE COUNSELLORS

1. Existing Situation

Staff-Recommended Savings	$1.2 million (2002-2003) $0.3 million (2003-2004)
Our Recommended Savings (Full Year)	$0.96 million (2002-2003) $0.3 million (2003-2004)
Our Estimate of Realizable Savings/(Costs)	($0.1 million) (2002-2003) $0.036 million (2003-2004)

2. Description

The TDSB currently employs 26 Attendance Counsellors ("AC") and four (4) attendance co-ordinators who monitor approximately 4,500 students with attendance issues AC and co-ordinators monitor and advise students who have attendance problems, students who are under long-term suspension and assist in the placement of students in alternative learning programs. AC also monitor home-schooling pupils and provide court liaison services.

Subsection 25(1) of the Education Act requires the appointment of at least one person who is responsible for monitoring student attendance. The individual does not necessarily have to be a designated AC. (i.e., he/she can be a social worker who has been assigned attendance-monitoring responsibilities.) The employment of designated and dedicated AC is not specifically supported under the Provincial funding model.

3. Staff-Recommended Savings

The Staff propose to reduce the number of AC from 26 to four (4). The rationalization of AC will be phased in over two years. We estimate that the exit process for the first phase of AC rationalizations will not be completed until October 31, 2002. The first phase of reductions is expected to bring $0.96 million in efficiencies in 2002-2003 (or $1.2 million in annual benefits). The second phase of AC rationalizations, for $0.3 million in additional efficiencies, will be completed by August 30, 2003. The role of TDSB's social workers will be redefined to include responsibility for the attendance supervision function. The remaining AC will be dedicated to high-risk and high-need students (for example, students in the Supervised Alternative Learning for Excused Pupils program).

We understand that the attendance monitoring function at other large School Boards is typically performed by social workers.

4. Feasibility

The first stage of AC rationalization can be initiated in September 2002 with expected completion by October 31, 2002. The second phase of AC rationalization can be completed for August 30, 2003.

5. Implications

The rationalization of AC may reduce capacity within TDSB to deal with high-risk students and may lead to increased student attrition rates. The monitoring of home schooling students could be reduced.

6. Outplacement Costs

According to Human Resources Staff at TDSB, outplaced AC will be entitled to the ELP under their collective agreement (CUPE, Unit A). The expected displacement compensation for 2002-2003 is approximately $1.056 million and $0.264 million in 2003-2004 (one year's salary, net of 12% benefits for both years). Our estimate is based on the assumption that the TDSB will elect for the ELP route and thus incur the equivalent of one and one-half year's salary, of which one-half of one year is paid for from the severance reserve funds. Therefore, we have assumed that the TDSB will incur total severance costs equal to one year's salary. Since the estimated cost savings include salaries and benefits, we have reduced the savings by the benefit portion. According to Staff, the average benefits for AC is approximately 12%.

After deducting the estimated outplacement costs in 2002-2003 of approximately $1 million, it will cost the TDSB approximately $0.096 million to streamline the AC in 2002-2003.

7. Recommendations

The AC position is a discretionary service program decision by the TDSB. Due to the TDSB's failure to realize adequate cost efficiencies to maintain discretionary programs, we recommend that the reduction of AC be initiated in September 2002 and phased in over two years, as proposed by the Staff.

APPENDIX D
EXHIBIT 32

EDUCATIONAL ASSISTANTS

1. Existing Situation

TDSB 2002-2003 Budget Forecast	$21.8 million
Staff-Recommended Savings	$2.5 million (2002-2003) $8 million (2003-2004)
Our Recommended Savings (Full Year)	$2.5 million (2002-2003) $8 million (2003-2004)
Our Estimate of Realizable Savings/(Costs)	($0.25 million) (2002-2003) $1.6 million (2003-2004)

2. Description

The TDSB currently has 771.5 educational assistants ("EA") in its regular program. A new allocation model for EAs was adopted in May, 2001. The new allocation model deploys EAs based upon the number of kindergarten classes at each school and a particular school's Learning Opportunities Index ("LOI") rating. (The LOI evaluates school communities according to a set of defined criteria, such as income levels, immigrant population, single parent families, mobility, etc.)

EAs assist teachers by increasing supervision or instructional capacity in the classroom. For example, EAs will supervise the drop-off and pick-up of children on school grounds, or work with individuals or groups of children who are struggling with new materials.

According to the Staff, the allocation of EAs in 2001/2002 was as follows:

Kindergarten Support	638.5
French Immersion Kindergarten	83
English as a Second Language	34
Miscellaneous	16
Total	771.5

The kindergarten program apparently can be delivered with a reduced level of EA support.

3. Staff-Recommended Savings

The TDSB's use of EAs is a local program delivery decision. The Staff have proposed that the number of regular program EAs be reduced from 771.5 to 420 over a period of two years. EAs will be provided only for schools with high Learning Opportunities Index ratings, and those with FSL and ESL needs. The Staff-proposed allocation of EAs is:

Learning Opportunities	300
FSL	83
ESL	37
Total	420

The Staff believe that adequate volunteer resources exist to replace the existing EAs.

Based upon our discussions with the Staff, we believe that the first phase of EA rationalization can be initiated at the commencement of the 2002-2003 school year. The actual exit of EAs is not expected to be completed until November 30, 2002. The expected benefits from the first phase of rationalizations is $1.75 million in 2002-2003 ($2.5 million in annual savings). The second phase of EA rationalization can be completed by the start of the 2003-2004 school year and should generate additional savings of $8 million.

The EAs who are currently assigned to the ESL and FSL programs are also locally directed support positions. Based upon our discussions with the Staff, we understand that such resources can be rationalized. The Staff have not thoroughly examined the feasibility of withdrawing EAs from the ESL/FSL programs.

4. Feasibility

The first phase reduction of EAs can be initiated in September 2002, or as soon as possible thereafter. The expected completion date of the first phase of the rationalization process is November 2002. The second phase of EA rationalization can be completed for August 30, 2003.

The replacement of EAs with volunteers (and perhaps even the use of teachers) will need to be assessed against the relevant provisions of the collective bargaining agreement provisions.

5. Implications

The principal effect of reducing and re-allocating the TDSB's current complement of EAs is to decrease the level of support provided to teachers. Kindergarten classes will have less adult supervision. Other potential consequences include unsupervised arrival and student departures to and from school premises.

6. Outplacement Costs

The Staff expect that EAs will be rationalized either through the ELP or layoff process. It is probable that the more senior EAs will require ELPs. We estimate that outplacement costs will be $2.0 million in 2002-2003 and $6.4 million in 2003-2004. Our estimate is based on the assumption that the TDSB will elect the ELP route and thus incur one and one-half years of severance, of which one-half a year's salary is paid from the severance reserve funds. Therefore, we have assumed that the TDSB will incur total severance

costs equal to one year's worth of salary. Since the estimated cost savings includes salaries and benefits, we have reduced the savings by the benefit portion. According to Staff, the average benefits for Educational Assistants is approximately 12%.

After deducting the estimated outplacement costs in 2002-2003 of approximately $2 million, it will cost the TDSB approximately $0.25 million to reduce the Educational Assistants in 2002-2003. However, the future recurring savings that will result from implementing these efficiencies is necessary for the TDSB to satisfy its budgetary obligations.

7. Recommendations

a. Short-term

The deployment of EAs is a discretionary program delivery decision by the Board of Trustees. We recommend that the Staff proposal to rationalize the number of EAs from 771.5 to 420 be initiated in September 2002, or as soon as possible thereafter. The first phase of EA reductions (for annualized salary and benefit savings of $2.5 million) should be completed by November 2002. The second phase of EA reductions for the remaining $8 million in efficiencies should be completed for August 30, 2003.

b. Long-Term

We recommend that the Staff develop a plan to rationalize EAs in the ESL and FSL programs.

Subject to the School Board's ability to secure the agreement and co-operation of CUPE 4400, further efficiencies should be obtained through the use of volunteers instead of EAs.

APPENDIX D
EXHIBIT 33

ITINERANT MUSIC INSTRUCTORS

1. Existing Situation

Staff-Recommended Savings	$0.25 million (2002-2003) $3.4 million (2003-2004)
Our Recommended Savings (Full Year)	$0.25 million (2002-2003) $3.4 million (2002-2003)
Our Estimate of Realizable Savings/(Costs)	$0.08 million (2002-2003) $2.0 million (2003-2004)

2. Description

The TDSB current employs 131 Itinerant Music Instructors ("IMI") (70 FTE) and three (3) itinerant teachers. The IMI and teachers provide instrumental and vocal instruction to a number of Elementary schools. Not all TDSB Elementary schools have IMI. Schools without qualified teachers/instructors deliver their music curriculum through alternative, and less costly, means.

Instrumental and dedicated music instruction program delivery is not compulsory at the Elementary level. The delivery model of the Elementary music curriculum is a discretionary program decision of the TDSB and is not contemplated under the Ministry's definition of Elementary curriculum.

3. Staff-Recommended Savings

The Staff has proposed that the three (3) itinerant music teachers be returned to classroom positions and that the IMI be eliminated for the 2003-2004 school year.

The cost efficiency of returning the music teachers to regular classrooms is approximately $250,000, and should be fully realizable in 2002-2003. The elimination of IMI will not be implemented until 2003-2004 and is expected to generate savings of $3.4 million next year.

A further cost efficiency that is not reflected in the Staff's estimates are the savings related to the purchase and maintenance of musical instruments.

4. Feasibility

The redeployment of the music teachers to classrooms can be completed for the coming September 2002-2003 school year. The rationalization of IMI for 2003-2004 can be completed by August 30, 2003, in order to realize benefits of $3.4 million in 2003-2004.

5. Implications

The music curriculum that can be offered to elementary students may be reduced particularly in the area of instrumental music. Schools without existing music teachers may be forced to suspend their music curriculum until such time that they can hire a qualified teacher. Opportunities for participation in extra-curricular activities such as music festivals, camps and concerts may be reduced.

6. Outplacement Costs

According to Staff, IMI tend to have long terms of service and would be eligible for maximum severance or ELP benefits. The expected outplacement costs of IMI is $0.1 million in 2002-2003, and $1.36 million in 2003-2004.

According to TDSB Human Resources Staff, the IMI who will be eliminated will be offered severance packages and not an ELP offer. Therefore, the Staff assumes that the maximum severance costs will be equal to six-months of the IMI's annual salary.

For the purpose of developing an attainable budgetary objective, we have assumed that the outplacement costs would be equivalent to approximately one and one-half year's salary. Therefore, we have been cautious and have estimated that the outplacement costs would be equal to one year's salary, one-half year of which would be paid from the reserve funds. Even if the TDSB is not required to offer the ELPs, it is conceivable that the TDSB will incur a significant amount of legal and arbitration-related costs in order to deal with the union's possible grievances. Thus, our estimated outplacement costs are based on six month's salary. Since the estimated cost savings include salaries and benefits, we have reduced the savings by the benefit portion. According to Staff, the average benefits for IMI is approximately 12%.

After deducting the estimated outplacement costs in 2002-2003 of approximately $0.1 million, TDSB will realize approximately $0.075 million in savings.

7. Recommendations

The provision of dedicated music instruction at the Elementary level is not specifically funded under the Provincial delivery model. The TDSB has failed to identify adequate efficiencies within its core programs in order to allocate resources to these discretionary programs. Thus, we recommend that the IMI program at the Elementary level be rationalized commencing September 2002, with the possible discontinuation of the IMI beginning in 2003-2004 unless budgetary accommodations from other sources are located.

APPENDIX D
EXHIBIT 34

PARKING REVENUE

1. Existing Situation

Staff-Recommended Revenue	$ 1.6 million (2003-2004)
Our Recommended Revenue (Full Year)	$1.6 million (2003-2004)
Our Estimate of Realizable Revenue	Nil (2003-2004)

2. Description

Currently, employees and students of the School Board are provided with no-cost parking at all schools. Furthermore, school parking lots are not leased to private operators outside of regular school hours.

3. Staff-Recommended Revenue

The May 2002 Staff Budget made two proposals for generating revenues from parking permits:

a. The implementation of parking fees for staff and students.

b. The leasing of school parking lots to private operators outside of regular school hours.

The resulting revenues were estimated to be $1.6 million for 2003-2004. According to the Staff, no analysis has been performed to support this revenue figure. Furthermore, incremental costs relating to the Staff's proposals do not appear to have been included.

4. Feasibility

The projected revenues of $1.6 million are highly speculative. The Staff has not conducted a formal study or due process to determine the fees to charge for students and

staff, and the various costs to implement and operate the parking lots (both during and outside regular school hours). The teachers' associations and students' associations at each school presumably would have to be consulted and briefed on the plan to receive revenues from parking permits. A negotiation process would be required between the TDSB and the teachers' unions, the outcome of which would be uncertain. For these reasons, we feel that the likelihood of having teachers pay for the privilege to park should not be assumed.

We do believe that it would be possible to implement user fees for student parking in 2003-2004. However, given that no data or analysis appears to have been accumulated by the Staff in regards to the revenue generating potential or of the incremental costs, we have not assumed any cost savings for either 2002-2003 or 2003-2004.

5. Implications

The principle effect of implementing new parking fees for staff and students and leasing school parking lots to private operators is the additional costs of monitoring and controlling the parking permit system. Other implications include the need to develop an equitable process of allocating staff and student parking, an increase of parking on neigbouring streets, and potential opposition from employee groups. In contrast, it is not unusual for universities to charge for parking privileges, especially those located in urban centres.

6. Recommendations

a. Short-term

The Staff should conduct feasibility studies of alternate parking revenue proposals.

b. Long term

Parking fees for students and others should be introduced whe re there is a shortage of parking spaces and there is a real revenue potential, net of set-up and operational costs.

APPENDIX D
EXHIBIT 35

SUMMER NON-CREDIT PROGRAMS

1. Existing Situation

Staff-Recommended Savings	Nil (2002-2003) $2.6 million (2003-2004)
Our Recommended Savings (Full Year)	Nil (2002-2003) Nil (2003-2004)
Our Estimate of Realizable Savings	Nil (2002-2003) Nil (2003-2004)

2. Description

Currently, the School Board offers a variety of non-credit summer programs including:

a. Literacy and Basic Skills
b. Non-credit ESL for adults
c. Citizenship & Language
d. Adult Native Languages

3. Staff-Recommended Savings

The Staff proposed the discontinuance of all summer non-credit programs (e.g., Adult ESL; citizenship and language programs, adult native classes) that do not receive accommodation grants. The Staff estimated annual savings of $2.6 million starting in September 2003.

4. Feasibility

Based on our review and on various discussions conducted with the Staff, we do not believe that the proposed annual savings of $2.6 million are achievable. According to the February 26, 2002 report entitled, "Report of the Task Force on Adult Education" the summer non-credit programs generate a surplus of funds of $0.18 million. Therefore, it appears that no cost savings would be achieved from the elimination of such programs. Furthermore, it would be beneficial to keep these programs operational.

5. Implications

By keeping these programs operational, enrolled adults and students can continue to receive the benefits that the programs offer. The TDSB can continue to benefit from the surplus of funds that are generated from operations.

6. Recommendations

a. Short-term

TDSB should continue to operate the Non-credit Summer programs. The TDSB should consider whether this program design and delivery model can be applied to other local discretionary programs to achieve the same fiscal and economic benefits.

b. Long-term

The Staff should conduct a long-term study of actual expenditures and Ministry funding for each non-credit summer program to determine whether cost saving measures can be achieved in the future.

APPENDIX D
EXHIBIT 36

SCHOOL CLOSURES

1. Existing Situation

Staff-Recommended Savings	Nil (2002-2003) $ 5.2 million (2003-2004)
Our Recommended Savings (Full Year)	Nil (2002-2003) $ 7.97 million (2003-2004)
Our Estimate of Realizable Savings	Nil (2002-2003) $ 3.47 million (2003-2004)

2. Description

In February of 1999, the Board had provided preliminary approval for a proposal to close 30 schools over a three-year period (equivalent to approximately 1.3 million square feet) in order to meet the needs of the student population while ensuring that it was operating schools at or near capacity. The Board's school closure policy requires a comprehensive consultation study to be carried out informing community groups of the various factors and implications that were assessed in selecting particular schools to be closed. In September 1999, approval was granted to shut down 700,000 sq. ft. of schools. These schools were permanently shut down in June of 2000 (Phase 1). In September of 2000, the remaining 600,000 square feet of schools was approved for closure, which were permanently shut down in June of 2001 (Phase 2).

According to the Staff, the Phase 1 and Phase 2 closures resulted in controversy between the Staff, the Board and parent groups. The Board of Trustees had attempted to re-open two schools, but failed to do so as a result of a vote. Since then (according to the Staff), Trustees have decided not to close down another school in Toronto.

According to the Staff, school closures result in three cost saving opportunities:

a. Elimination of facility operation and maintenance costs.

b. Elimination of administrative costs (related to principals and secretarial).

c. Elimination of the maintenance and capital expenditure costs of other schools that remain open, through the leasing of the closed facilities to tenants (and subsequent generation of cash flow).

3. Staff-Recommended Savings

The Staff proposes to close 1,000,000 square feet or 12 schools (10 Elementary and 2 Secondary) in 2003-2004 for projected savings of $5.2 million (excluding expected savings from non-caretaker staff).

4. Feasibility

a. Cost Savings

According to Staff, the earliest that this proposal can receive approval is November of 2002, assuming that Board acceptance is obtained The comprehensive consultation can occur during the Winter of 2002 and Spring of 2003, with the schools being shut down for September of 2003. If this occurs, the projected cost savings of $5.2 million will occur for 2003-2004.

According to the Staff, the actual expenditures by the School Board amount to $6.50 per square foot. Therefore, actual cost reductions that could result from the school closures are $6.5 million. We have not been provided with any support to verify the numbers that have been provided by the Staff.

b. Additional Cost Savings

According to the Staff, cash flows can be generated from the leasing of schools that have been closed. The Toronto Catholic School Board, for example, is anxious to lease or buy certain locations, for cash. Regulations in the Education Act state that any lease and sale proceeds that are received after school closures, are to be placed in a capital reserve fund and can only be spent on existing schools or to acquire accommodation. Therefore, expected proceeds from leasing can be used to reduce future maintenance and operating costs of existing schools, resulting in greater cost savings for the future.

According to the Staff, total expected cash flows from the leasing of all closed schools would typically occur two years after the closures. The sale of all closed schools is not anticipated, given the age of some, and wear and tear that has accumulated.

5. Implications

The principal effect of closing schools will be the need to relocate students to other schools. The Staff does not anticipate that there will be any problems with 70% of the students that need to be relocated. Staff's proposal could result in the closure of small schools that are above 80% utilization, especially schools with very poor structural and classroom conditions. Overall, some students will become accommodated in newer facilities.

6. Outplacement Costs

According to the Staff, the anticipated cost reduction of $5.2 million includes the elimination of caretakers (excluding caretaker severance costs) employed at the various Secondary and Elementary schools in Toronto. However, the proposed savings do not include the elimination of Principals, Vice-Principals and Office Administration. Teachers are expected to be reabsorbed into the School Board. We have assumed that caretakers will receive severance pay. However, many could be absorbed elsewhere.

The following is an analysis of the expected savings from employment layoffs and anticipated severance costs.

Secondary Schools

Position	Average Salary (including benefits)	Total Positions (2 Secondary Schools)	Total Cost Savings	Total Severance Costs	Note
Principal	$107,028	2	$214,056	$ 191,734	1
Vice-Principal	$ 92,680	3	$278,040	$ 247,146	2
Office Administrators	$ 41,149	11	$452,639	$ 377,201	3
Head Caretaker	$ 60,553	2	N/A	$ 100,922	4
Caretakers	$ 46,525	10	N/A	$ 387,710	5
Total			**$944,735**	**$1,304,713**	

Note 1: The average salary of Secondary School Principals is $95,869 plus 11.64% in benefits. Severance costs are estimated at one year's salary (excluding benefits).

Note 2: The average salary of Secondary School Vice-Principals is $82,382 plus 12.5% in benefits. Based on discussions with the Staff, there are typically one to three Vice-Principals for each Secondary School (dependent on the size of the school). Severance costs are estimated at one year's salary (excluding benefits).

Note 3: The average salary of Secondary School office administration staff is $34,291 plus 20% in benefits. Based on discussions with the Staff, there are typically five or six administration personnel, dependent on the size of the particular school. Severance costs are estimated at one year's salary (excluding benefits).

Note 4: The average salary of Secondary School Head Caretakers is $50,461 plus 20% in benefits. Based on discussions with the Staff, there is one Head Caretaker for each Secondary school. According to the Staff, the expected savings of $5.2 million are inclusive of the expected annual caretaker salaries, but exclude associated severance costs. Severance costs are estimated at one year's salary (excluding benefits).

Note 5: The average salary of Secondary School caretakers is $38,771 plus 20% in benefits. Based on discussions with the Staff, there are five caretakers for each Secondary school. According to the Staff, the expected savings of $5.2 million are inclusive of the expected annual caretaker salaries, but exclude associated severance costs. Severance costs are estimated at one year's salary (excluding benefits).

Estimated Salary Savings For Elementary Schools

Position	Average Salary (including benefits)	Total Positions (10 Elementary Schools)	Total Cost Savings	Total Severance Costs	Note
Principal	$102,026	10	$1,020,256	$ 911,350	1
Vice-Principal	$ 88,009	4.5	$ 396,041	$ 350,541	2
Office Administrators	$ 41,149	10	$ 411,492	$ 342,910	3
Head Caretaker	$ 51,892	10	N/A	$ 432,430	4
Caretakers	$ 46,525	30	N/A	$1,163,130	5
Total			**$1,827,789**	**$3,200,361**	

Note 1: The average salary of Elementary School Principals is $91,135 plus 11.95% in benefits. Severance costs are estimated at one year's salary (excluding benefits).

Note 2: The average salary of Elementary School Vice-Principals is $77,898 plus 12.98% in benefits. Based on discussions with the Staff, there would be approximately four or five Vice Principals for all 10 schools. Severance costs are estimated at one year's salary (excluding benefits).

Note 3: The average salary of Elementary School office administration staff is $34,291 plus 20% in benefits. Based on discussions with the Staff, there is typically one or two administration staff for each Elementary School. Severance costs are estimated at one year's salary (excluding benefits).

Note 4: The average salary of Elementary School Head Caretakers is $43,243 plus 20% in benefits. Based on discussion with the Staff, there is one Head Caretaker for each Elementary School. Severance costs are estimated at one year's salary (excluding benefits).

Note 5: The average salary of Elementary School Caretakers is $38,771 plus 20% in benefits. Based on discussions with the Staff, there are three caretakers for each Elementary school. According to the Staff, the expected savings of $5.2 million are inclusive of the annual caretaker salaries, but exclude associated severance costs. Severance costs are estimated at one year's salary (excluding benefits).

The total savings from elementary and secondary salary eliminations (excluding caretakers) are approximately $2,772,524. The total severance costs to be incurred (including caretakers) are $4,505,074. In calculating the above savings from school closures, we have considered but not reflected in our estimates, the fact that the school closures could result in an increased demand for office administration staff at other schools. Therefore, all administration staff may not have to be rationalized. Hence, the actual cost savings from school closures could differ from our calculations. The Staff should ensure that employees are not double-counted in the current budget.

Total Projected Cost Savings

Savings from School Closures	$ 5,200,000
Add: Savings from Non-teacher and Non-Caretaker Salaries	2,772,524
Less: Severance Costs	(4,505,074)
Expected 2003-2004 Savings from School Closures	$ 3,467,450

Note: Teachers are expected to be reabsorbed into the School Board. Caretaker salaries have been included in the expected savings of $5,200,000. However, additional savings result if caretakers do not have to be paid severance.

7. Recommendations

a. Short-term

The Staff should commence the necessary consultation in anticipation of the school closures for September of 2003.

b. Long-term

Closure of ten (10) Elementary schools and two (2) Secondary schools should occur for September of 2003. Full annual savings of $7.97 million are expected to be realized in 2004-2005.

APPENDIX D
EXHIBIT 37

HALL MONITORS

1. Existing Situation

Staff-Recommended Expenditures	$ 2.1 million (2002-2003)
Our Recommended Expenditures (Full Year)	$ 2.1 million (2002-2003)

2. Description

Prior to April of 2002, the use of Secondary school Hall Monitors was not consistent across the School Board. Some schools had hired individuals (other than teachers) and therefore incurred additional costs for Hall Monitoring duties. Other schools made use of teachers staffed at Secondary schools to fulfill the Hall Monitoring duties, and therefore avoided additional costs. According to section 3.15.4.0.0 of the Secondary Teachers' Collective Agreement for 2000-2001 and 2001-2002, teachers may be assigned to coverage or supervision duties for up to an average of one-half (1/2) a period per week. According to the Staff, this time is generally required for emergency coverage of part-day absences and has not been sufficient in ensuring a safe and secure environment in Secondary schools. Currently the School Board spends $1.5 million annually for Hall Monitors.

3. Staff-Recommended Expenditures

In order to augment the safety and security of students, the Staff has proposed to increase Hall Monitoring spending by $2.1 million for September of 2002.

4. Feasibility

According to a Staff-prepared report, dated March 5, 2001, entitled "Programs and Services to Support Student Success", the Staff had originally proposed three spending models. The following is a summary of these proposals:

	Option A	**Option B**	**Option C**
Number of Staff	66 Full-time Equivalent	99 Full-time Equivalent	177 Full-time Equivalent
Spending	$1.3 million	$2.3 million	$4.2 million
Service Delivery Issues	Distribution of Hall Monitors based on school needs May result in fewer services to schools currently receiving this support	Distribution of Hall Monitors based on school needs Hall Monitors available to a greater number of schools	Distribution of Hall Monitors More schools may use Hall Monitors to support their current safety and security procedures

In March of 2002, another report, entitled "Secondary School Hall Monitors" was produced by the Program and School Services Committee in which three additional models of spending were proposed. The following is a summary of these proposals:

	Option D	**Option E**	**Option F**
Number of Staff	98.5 Full-time Equivalent	98.5 Full-time Equivalent	124 Full-time Equivalent
Spending	$2.8 million	$2.8 million	$3.6 million
Service Delivery Issues	Recommended by Hall Monitors Committee based on system needs as identified by Secondary schools Costs will be centrally funded by the Board. Additional funding of $1.3 million must be obtained from other expenditure areas.	Recommended by Hall Monitors Committee based on system needs as identified by Secondary schools Costs will be funded by individual schools.	Identified by Secondary schools Costs will be centrally funded by the Board. Additional funding of $2.1 million must be obtained from other expenditure areas.

According to the March 2002 report, the Staff had recommended the implementation of Option D (i.e., additional spending of $1.3 million). However, the Program and School Services Committee had recommended Option F (i.e., additional spending of $2.1 million), which was approved by the Board for expected implementation by September 2002.

In order to give appropriate consideration to both the financial condition of the TDSB and safety issues, it is our opinion that a reasonable compromise would have been to recommend the implementation of Option D from the March 2002 report for implementation in September 2002. Such would require additional expenditures of only $1.3 million. Staff has expressed serious concern that Option D would not be enough to sufficiently address the problem.

5. Implications

The principal effect of increasing spending for Hall Monitoring duties is an increased measure of safety in secondary schools.

6. Recommendations

Additional spending for Hall Monitors of $2.1 million may be necessary for September 2002. Costs and benefits should be carefully monitored.

APPENDIX D
EXHIBIT 38

OUTDOOR EDUCATION

1. Existing Situation

TDSB 2002-2003 Budget Forecast	$8.4 million
Staff-Recommended Savings	Nil (2002-2003) $6.3 million (2003-2004)
Our Recommended Savings (Full Year)	$6.65 million (2002-2003) $6.65 million (2003-2004)
Our Estimate of Realizable Savings	$2.15 million (2002-2003) $6.65 million (2003-2004)

2. Description

The Outdoor Education program includes five (5) Day Centres and seven (7) Residential Centres. The Day Centres offer a one day, outdoor-activity curriculum for students from JK to Grade 8. Approximately 65,000 students across the School Board attend the Day Centres annually. The Residential Centres offer a one week outdoor program, which is available only to Grade 6 or Grade 7 students. Approximately 20,000 students attend the Residential Centres each year. The Outdoor Education program costs approximately $8.4 million annually, and this is a local discretionary program offered by the TDSB.

3. Staff-Recommended Savings

The Staff proposes to eliminate the outdoor Residential Centres for 2003-2004. Furthermore, the Staff proposes to implement a $5 user-fee for each student attending the Day Centres.

4. Feasibility

Based on discussions with the Staff, the closure of the Residential Centres can be implemented for the 2002-2003 year, instead of the proposed 2003-2004 closures. Given the short notice and logistical hurdles of this new proposal, we have assumed full implementation could occur by December of 2002.

The following is a breakdown of total costs incurred to operate the entire Outdoor Education Program:

Residential Centre	Projected Cost Savings
Boyne River Natural Science School	$978,191
Etobicoke Outdoor Education Centre (Noisy River Outdoor Education Centre)	$517,616
Island Natural Science School	$555,908
Mono Cliffs Outdoor Education Centre	$600,304
Pine River Outdoor Education Centre	$465,648
Scarborough Outdoor Education School	$901,723
Sheldon Centre for Outdoor Education	$339,148
Total Annual Savings (A)	**4,358,538**

Day Centre	Projected Cost Savings
Etobicoke Field Studies Centre	$307,073
Forest Valley Outdoor Education Centre	$724,413
Hillside Outdoor Education Centre	$292,573
Toronto Urban Studies Centre	$499,417
Warren Park Outdoor Education Centre	$158,458
Total Annual Savings (B)	**$1,981,934**

Additional Costs of Operations	Projected Cost Savings
School Operations	$1,556,275
Miscellaneous (food, taxes, leases, transportation, central office)	$503,253
Total Annual Savings (C)	**$2,059,528**

According to the Staff, the Residential Centres could be sold to private buyers in an attempt to gain additional cash flow. As required by legislation, however, there is a formal process that must be undertaken in selling each property listed above. The properties must be offered for sale to other School Boards in the Province, and then to

government departments and agencies. Any properties still remaining can then be offered for sale to the public. We cannot reasonably estimate potential cash-inflows from sale of the centres at this time.

5. Implications

The principal implication of eliminating the Residential Centres or the entire Outdoor Education program is the lack of opportunity for students to learn in a natural environment uniquely offered by the Toronto District School Board.

6. Outplacement Costs

a. Closure of Residential Centres Only

The 11 teachers and 15 supervisors involved in operating the Residential Centres are expected to be absorbed into vacant positions available at the School Board. According to the Staff, those teachers and supervisors who refuse to be redeployed into the School Board have the option of taking a leave of absence without pay or are laid-off without severance pay. In either alternative, cost savings from the absorption of teachers will occur.

Based on discussions with the Staff, the following is an analysis of the non-teaching staff positions that would be eliminated from the proposed closure of the Residential Centres in 2002-2003: (Teachers and Supervisors are expected to be reabsorbed into the School Board.)

Residential Centres Only

Position	Average Salary (including benefits)	Total Positions (Residential and Day Centres)	Total Cost Savings	Total Severance Costs	Note
Outdoor Education Specialists	$56,249	27	$1,518,723	$1,320,624	1
Interns	$15,070	24	$ 361,680	N/A	2
Office Administration	$48,300	5.7	$ 275,310	$ 239,400	3
Caretakers	$46,525	15	$ 697,875	$ 581,565	4
Maintenance	$46,000	5	$ 230,000	$ 200,000	5
Miscellaneous	$49,863	1.3	$ 64,822	$ 56,367	6
Cooks	$49,863	12	$ 598,356	$ 520,308	7
Total Cost Savings			**$3,746,766**	**$2,918,264**	

Note 1: The average salary of Outdoor Education Specialists is $48,912 plus 15% in benefits. Severance costs are estimated at one year's salary (excluding benefits).

Note 2: The average salary of Interns is $13,700 plus 10% in benefits. According to the Staff each intern works a four-
month term.

Note 3: The average s alary of office administration staff is $42,000 plus 15% in benefits. According to the Staff, salaries for office administration in Outdoor Education are greater than those working in Secondary school environments, given the unique conditions of the Outdoor Education program. Severance costs are estimated at one year's salary (excluding benefits).

Note 4: The average salary for Caretaking staff is $38,771 plus 20% in benefits. Severance costs are estimated at one year's salary (excluding benefits).

Note 5: Seven (7) maintenance staff are currently employed in the Outdoor Education Program. According to the Staff, two maintenance staff would be required to attend to the grounds in the event of program closure. The average salary for Maintenance staff is $40,000 plus 15% in benefits. Severance costs are estimated at one year's salary (excluding benefits).

Note 6: According to the Staff, miscellaneous employees include on--site nurses. The average salary of miscellaneous employees is $43,359 plus 15% benefits. Severance costs are estimated at one year's salary (excluding benefits).

Note 7: According to the Staff, the average salary of a cook is $43,359 plus 15% benefits. Severance costs are estimated at one year's salary (excluding benefit.

Total Projected Cost Savings – 2002-2003	
Total Savings from closure of Residential Centres only [(A)+(C)]	**$6,418,066***
Less: Maintenance Staff required during closure (Note)	**(92,000)**
Expected Savings from Resident Centre Closures	**$6,326,066**
Expected Savings if implementation in December of 2002 (prorate 9/12)	**$4,744,550**
Savings from proposed user-fee for Day Centres ($5 x 65,000 students)	**325,000**
Less: Severance Costs	**(2,918,264)**
Expected 2002-2003 Savings from Outdoor Education Program Closure	**$2,151,286**
Expected 2003-2004 Annual Savings	**$6,651,066**

*Includes cost savings from Teacher and Supervisor salaries.

Note: According to the Staff, two maintenance staff would be required to attend to the grounds in the event of program closure.

b. Closure of the Entire Outdoor Education Program

During our discussions with the Staff, the possibility of closing the entire Outdoor Education Program (i.e., Residential Centres and Day Centres) was explored. Based on these discussions it was concluded that (in a worst-case scenario), the entire Outdoor Education program could be feasibly shut down for the 2002-2003 school year. Estimated savings to the School Board from implementation would be $8.3 million annually (excluding the year of closure) as detailed in the following analysis, which includes the salaries of all Outdoor Education program employees.

The 15 teachers and 11 supervisors involved in the entire Outdoor Education Programs are expected to be absorbed into vacant positions available at the School Board. According to the Staff, those teachers and supervisors who refuse to be redeployed into the School Board have the option of taking a leave of absence without pay or rationalized

without severance pay. In either alternative, cost savings from the absorption of teachers are expected.

Based on discussions with the Staff, the following is an analysis of the non-teaching staff positions that would be eliminated from the proposed closure of the entire Outdoor Education Program in 2002-2003: (Teachers and Supervisors are expected to be reabsorbed back into the School Board.)

Residential Centres and Day Centres

Position	Average Salary (including benefits)	Total Positions (Residential and Day Centres)	Total Cost Savings	Total Severance Costs	Note
Outdoor Education Specialists	$56,249	43	$2,418,707	$2,103,216	1
Interns	$15,070	29	$ 437,030	N/A	2
Office Administration	$48,300	8	$ 386,400	$ 336,000	3
Caretakers	$46,525	18	$ 837,450	$ 697,878	4
Maintenance	$46,000	5	$ 230,000	$ 200,000	5
Miscellaneous	$49,863	5	$ 249,315	$ 216,795	6
Cooks	$49,863	12	$ 598,356	$ 520,308	7
Total Cost Savings			**$5,157,258**	**$4,074,197**	

Note 1: The average salary of Outdoor Education Specialists is $48,912 plus 15% in benefits. Severance costs are estimated at one year's salary (excluding benefits).

Note 2: The average salary of Interns is $13,700 plus 10% in benefits. According to the Staff each intern works a four-month term.

Note 3: The average salary of office administration staff is $42,000 plus 15% in benefits. According to the Staff, salaries for office administration in Outdoor Education are greater than those working in Secondary school environments, given the unique conditions of the Outdoor Education program. Severance costs are estimated at one year's salary (excluding benefits).

Note 4: The average salary for caretaking staff is $38,771 plus 20% in benefits. Severance costs are estimated at one year's salary (excluding benefits).

Note 5: Seven (7) maintenance staff are currently employed in the Outdoor Education Program. According to the Staff, two maintenance staff would be required to attend to the grounds in the event of program closure. The average salary for maintenance staff is $40,000 plus 15% in benefits. Severance costs are estimated at one year's salary (excluding benefits).

Note 6: According to the Staff, miscellaneous employees include on–site nurses. The average salary of miscellaneous employees is $43,359 plus 15% benefits. Severance costs are estimated at one year's salary (excluding benefits).

Note 7: According to the Staff, the average salary of a cook is $43,359 plus 15% benefits. Severance costs are estimated at one year's salary (excluding benefits).

Total Projected Cost Savings – 2002-2003

Total Savings from closure of the entire Outdoor Education Program [(A)+(B)+(C)]	**$8,400,000***
Less: Maintenance Staff required during closure (Note)	**(92,000)**
Expected Savings from Outdoor Education Program Closure	**$8,308,000**
Expected Savings if implementation occurs in December of 2002 (prorate 9/12)	**$6,231,000**
Less: Severance Costs	**(4,074,197)**
Expected Total Savings if implementation occurs in December of 2002	**$2,156,803**
Expected 2003-2004 Annual Savings	**$8,308,000**

*Includes cost savings from teacher and supervisor salaries.

Note: According to the Staff, two maintenance staff would be required to attend to the grounds in the event of program closure.

7. Recommendations

Unless sufficient user fees can be generated, we recommend closure of all Residential Centres for the 2002-2003 school year. However, given that the Outdoor Education Program is a local discretionary program, and that most School Boards in Ontario do not have an Outdoor Education Program, we also recommend that serious consideration should be given to restructuring the user fees or eliminating the entire Outdoor Education Program for 2003-2004.

OUR ESTIMATE OF THE REALIZABLE SAVINGS IN 2002-2003 FROM SALARY-BASED STAFF RECOMMENDATIONS

(Including our estimate of the severance costs that will be incurred by the TDSB)

Assumptions: Please refer to Appendix D Exhibits for a description of the assumptions we used to estimate realizable savings and associated outplacement costs.

(in thousands)

See Appendix D Exhibit No.	Expenditure Category	TDSB Staff Estimates 2002-2003	TDSB Staff Estimates 2003-2004	Our Estimates 2002-2003	Our Estimates 2003-2004
1	**Board Administration**				
	Full Year Salary and Benefits	**$8,200.0**	**$7,300.0**		**$9,300.0**
	Pro-rated for a 3-month delay ($2.5 million has been implemented)			$6,791.5	
	Less: Estimated Outplacement Costs			**($5,035.4)**	**($8,184.0)**
		$8,200.0	$7,300.0	$1,756.1	$1,116.0
3	**Vice-Principals**				
	Full Year Salary and Benefits	**$6,000.0**	**$3,800.0**	**$5,700.0**	**$3,800.0**
	Pro-rated				
	Less: Estimated Outplacement Costs				
		$6,000.0	$3,800.0	$5,700.0	$3,800.0
11	**Teacher Consultants**				
	Full Year Salary and Benefits	**$600.0**	**$3,400.0**	**$600.0**	**$3,400.0**
	Pro-rated				
	Less: Estimated Outplacement Costs				
		$600.0	$3,400.0	$600.0	$3,400.0
13	**Continuing Education Adult Education Task Force**				
	Full Year Salary and Benefits	**$800.0**	**$0.0**	**$800.0**	**$0.0**
	Pro-rated				
	Less: Estimated Outplacement Costs				
		$800.0	$0.0	$800.0	$0.0
13	**Continuing Education Credit Program Delivery**				
	Full Year Salary and Benefits	**$4,000.0**	**$3,000.0**		
	Saturday Classes			$1,500.0	$1,500.0
	Optimizing Class Sizes			**$4,000.0**	
	Closing Adult Sites			$750.0	$750.0
	Less: Estimated Outplacement Costs				
		$4,000.0	$3,000.0	$6,250.0	$2,250.0
21	**School Community Advisor**				
	Full Year Salary and Benefits	**$1,000.0**			**$0.0**
	Pro-Rated for a 10 month salary and a 3 month delay			$700.0	$0.0
	Add: Cost Savings on Managers			**$84.0**	**$0.0**
	Less: Estimated Outplacement Costs			($440.0)	
		$1,000.0	**$0.0**	**$344.0**	**$0.0**
22	**Intake Workers**				
	Full Year Salary and Benefits	**$200.0**			
	Pro-Rated for a 10 month salary and a 3-month delay			$140.0	$0.0
	Less: Estimated Outplacement Costs			**($100.0)**	
		$200.0	$0.0	$40.0	$0.0
24	**Aquatics/Pools**				
	Full Year	**$3,300.0**	**$0.0**		**$0.0**
	Pro-Rated for a 10 month salary and a 3-month delay			$2,310.0	
	Less: Estimated Outplacement Costs			**($1,320.0)**	
		$3,300.0	$0.0	$990.0	$0.0
25	**Lunchroom Supervisors**				
	Full Year Salary and Benefits	**$4,000.0**	**$4,200.0**		**$0.0**
	Pro-Rated for a 10 month salary and a 4-month delay			$3,600.0	
	Less: Estimated Outplacement Costs			**($1,800.0)**	
		$4,000.0	$4,200.0	$1,800.0	$0.0
26	**School Secretaries**				
	Full Year Salary and Benefits	**$4,000.0**	**$2,600.0**		
	Pro-Rated for 10 month salary and 3-month delay			$2,450.0	$2,000.0
	Less: Estimated Outplacement Costs			**($4,200.0)**	**($2,400.0)**
		$4,000.0	$2,600.0	($1,750.0)	($400.0)

APPENDIX E

See Appendix D Exhibit No.	Expenditure Category	TDSB Staff Estimates 2002-2003	TDSB Staff Estimates 2003-2004	Our Estimates 2002-2003	Our Estimates 2003-2004
27	**Continuing Education: Parenting Centres**				
	Full Year Salary and Benefits	$500.0	$1,500.0		$0.0
	Pro-Rated for a 10 month salary and a 3-month delay			$1,665.5	
	Less: Estimated Outplacement Costs				
		$500.0	$1,500.0	$1,665.5	$0.0
28	**International Languages Elementary**				
	Full Year Salary and Benefits	$750.0	$400.0	$750.0	$400.0
	Pro-rated				
	Less: Estimated Outplacement Costs				
		$750.0	$400.0	$750.0	$400.0
30	**Youth Counsellors**				
	Full Year Salary and Benefits	$700.0	$0.0		$0.0
	Pro-Rated for 10 month salary and 2-month delay			$560.0	$0.0
	Less: Estimated Outplacement Costs			($616.0)	
		$700.0	$0.0	($56.0)	$0.0
31	**Attendance Counsellors**				
	Full Year Salary and Benefits	$1,200.0	$300.0		
	Pro-Rated for 10-month salary and 2-month delay			$960.0	$300.0
	Less: Estimated Outplacement Costs			($1,056.0)	($264.0)
		$1,200.0	$300.0	($96.0)	$36.0
32	**Educational Assistants**				
	Full Year Salary and Benefits	$2,500.0	$8,000.0		
	Pro-Rated for 10 month salary and 3-month delay			$1,750.0	$8,000.0
	Less: Estimated Outplacement Costs			($2,000.0)	($6,400.0)
		$2,500.0	$8,000.0	($250.0)	$1,600.0
33	**Itinerant Music Instructors**				
	Full Year Salary and Benefits	$250.0	$3,400.0		
	Pro-Rated for 10 month salary and 3-month delay			$175.0	$3,400.0
	Add: Cost savings on instruments				
	Less: Estimated Outplacement Costs			($100.0)	($1,360.0)
		$250.0	$3,400.0	$75.0	$2,040.0
36	**School Closures**				
	Full Year Salary and Benefits				$2,800.0
	Pro-rated				
	Less: Estimated Outplacement Costs				($4,500.0)
					($1,700.0)
38	**Outdoor Education**				
	Full Year	$0.0	$6,300.0		$0.0
	Pro-Rated for a 3-month delay			$2,800.0	
	Less: Estimated Outplacement Costs			($2,900.0)	
		$0.0	$6,300.0	($100.0)	$0.0
	TOTAL	$38,000.0	$44,200.0	$18,518.6	$12,542.0

	2002-2003	2003-2004	Total
Total Estimated Outplacement Costs To Be Incurred by TDSB	$19,567.4	$23,108.0	$42,675.4
Total Estimated Outplacement Costs Assumed to be Paid From the Severance "Reserve Fund"	$16,491.2	$11,826.0	$28,317.2
Total Amount Currently In the "Reserve Fund" (approximate)			$48,000.00
Less: Amount of Severance "Reserve Fund" Required to Meet Outplacement Costs			$28,317.20
(Note: The "reserve funds" expire as of August 31, 2003. However, we have assumed that the 2003-2004 recommended savings will be implemented by early Spring or late Summer 2003 so that the available funds in the severance "reserve fund" could be used to fund part of the outplacement costs.)			
Portion of Severance "Reserve Funds" Rema ining After Meeting 2002-2003 and 2003-2004 Outplacement Costs			$19,682.80

OUR ESTIMATE OF THE REALIZABLE SAVINGS IN 2002-2003 FROM SALARY-BASED STAFF RECOMMENDATIONS

(Including our estimate of the severance costs that will be incurred by the TDSB)

Assumptions: Please refer to Appendix D Exhibits for a description of the assumptions we used to estimate realizable savings and associated outplacement costs.

(in thousands)

See Appendix D Exhibit No.	Expenditure Category	TDSB Staff Estimates 2002-2003	TDSB Staff Estimates 2003-2004	Our Estimates 2002-2003	Our Estimates 2003-2004
1	**Board Administration**				
	Full Year Salary and Benefits	$8,200.0	$7,300.0		$9,300.0
	Pro-rated for a 3-month delay ($2.5 million has been implemented)			$6,791.5	
	Less: Estimated Outplacement Costs			($5,035.4)	($8,184.0)
		$8,200.0	$7,300.0	$1,756.1	$1,116.0
3	**Vice-Principals**				
	Full Year Salary and Benefits	$6,000.0	$3,800.0	$5,700.0	$3,800.0
	Pro-rated				
	Less: Estimated Outplacement Costs				
		$6,000.0	$3,800.0	$5,700.0	$3,800.0
11	**Teacher Consultants**				
	Full Year Salary and Benefits	$600.0	$3,400.0	$600.0	$3,400.0
	Pro-rated				
	Less: Estimated Outplacement Costs				
		$600.0	$3,400.0	$600.0	$3,400.0
13	**Continuing Education Adult Education Task Force**				
	Full Year Salary and Benefits	$800.0	$0.0	$800.0	$0.0
	Pro-rated				
	Less: Estimated Outplacement Costs				
		$800.0	$0.0	$800.0	$0.0
13	**Continuing Education Credit Program Delivery**				
	Full Year Salary and Benefits	$4,000.0	$3,000.0		
	Saturday Classes			$1,500.0	$1,500.0
	Optimizing Class Sizes			$4,000.0	
	Closing Adult Sites			$750.0	$750.0
	Less: Estimated Outplacement Costs				
		$4,000.0	$3,000.0	$6,250.0	$2,250.0
21	**School Community Advisor**				
	Full Year Salary and Benefits	$1,000.0			$0.0
	Pro-Rated for a 10 month salary and a 3 month delay			$700.0	$0.0
	Add: Cost Savings on Managers			$84.0	$0.0
	Less: Estimated Outplacement Costs			($440.0)	
		$1,000.0	$0.0	$344.0	$0.0
22	**Intake Workers**				
	Full Year Salary and Benefits	$200.0			
	Pro-Rated for a 10 month salary and a 3-month delay			$140.0	$0.0
	Less: Estimated Outplacement Costs			($100.0)	
		$200.0	$0.0	$40.0	$0.0
24	**Aquatics/Pools**				
	Full Year	$3,300.0	$0.0		$0.0
	Pro-Rated for a 10 month salary and a 3-month delay			$2,310.0	
	Less: Estimated Outplacement Costs			($1,320.0)	
		$3,300.0	$0.0	$990.0	$0.0
25	**Lunchroom Supervisors**				
	Full Year Salary and Benefits	$4,000.0	$4,200.0		$0.0
	Pro-Rated for a 10 month salary and a 4-month delay			$3,600.0	
	Less: Estimated Outplacement Costs			($1,800.0)	
		$4,000.0	$4,200.0	$1,800.0	$0.0
26	**School Secretaries**				
	Full Year Salary and Benefits	$4,000.0	$2,600.0		
	Pro-Rated for 10 month salary and 3-month delay			$2,450.0	$2,000.0
	Less: Estimated Outplacement Costs			($4,200.0)	($2,400.0)
		$4,000.0	$2,600.0	($1,750.0)	($400.0)

See Appendix D Exhibit No.	Expenditure Category	TDSB Staff Estimates 2002-2003	TDSB Staff Estimates 2003-2004	Our Estimates 2002-2003	Our Estimates 2003-2004
27	**Continuing Education: Parenting Centres**				
	Full Year Salary and Benefits	**$500.0**	**$1,500.0**		**$0.0**
	Pro-Rated for a 10 month salary and a 3-month delay			$1,665.5	
	Less: Estimated Outplacement Costs				
		$500.0	$1,500.0	$1,665.5	$0.0
28	**International Languages Elementary**				
	Full Year Salary and Benefits	**$750.0**	**$400.0**	**$750.0**	**$400.0**
	Pro-rated				
	Less: Estimated Outplacement Costs				
		$750.0	$400.0	$750.0	$400.0
30	**Youth Counsellors**				
	Full Year Salary and Benefits	**$700.0**	**$0.0**		**$0.0**
	Pro-Rated for 10 month salary and 2-month delay			$560.0	$0.0
	Less: Estimated Outplacement Costs			($616.0)	
		$700.0	$0.0	($56.0)	$0.0
31	**Attendance Counsellors**				
	Full Year Salary and Benefits	**$1,200.0**	**$300.0**		
	Pro-Rated for 10-month salary and 2-month delay			$960.0	$300.0
	Less: Estimated Outplacement Costs			($1,056.0)	($264.0)
		$1,200.0	$300.0	($96.0)	$36.0
32	**Educational Assistants**				
	Full Year Salary and Benefits	**$2,500.0**	**$8,000.0**		
	Pro-Rated for 10 month salary and 3-month delay			$1,750.0	$8,000.0
	Less: Estimated Outplacement Costs			($2,000.0)	($6,400.0)
		$2,500.0	$8,000.0	($250.0)	$1,600.0
33	**Itinerant Music Instructors**				
	Full Year Salary and Benefits	**$250.0**	**$3,400.0**		
	Pro-Rated for 10 month salary and 3-month delay			$175.0	$3,400.0
	Add: Cost savings on instruments				
	Less: Estimated Outplacement Costs			($100.0)	($1,360.0)
		$250.0	$3,400.0	$75.0	$2,040.0
36	**School Closures**				
	Full Year Salary and Benefits				$2,800.0
	Pro-rated				
	Less: Estimated Outplacement Costs				($4,500.0)
					($1,700.0)
38	**Outdoor Education**				
	Full Year	**$0.0**	**$6,300.0**		**$0.0**
	Pro-Rated for a 3-month delay			$2,800.0	
	Less: Estimated Outplacement Costs			($2,900.0)	
		$0.0	$6,300.0	($100.0)	$0.0
	TOTAL	**$38,000.0**	**$44,200.0**	**$18,518.6**	**$12,542.0**

	2002-2003	2003-2004	Total
Total Estimated Outplacement Costs To Be Incurred by TDSB	$19,567.4	$23,108.0	$42,675.4
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Total Amount Currently In the "Reserve Fund" (approximate)			$48,000.00
Less: Amount of Severance "Reserve Fund" Required to Meet Outplacement Costs			$28,317.20
(**Note**: The "reserve funds" expire as of August 31, 2003. However, we have assumed that the 2003-2004 recommended savings will be implemented by early Spring or late Summer 2003 so that the available funds in the severance "reserve fund" could be used to fund part of the outplacement costs.)			
Portion of Severance "Reserve Funds" Remaining After Meeting 2002-2003 and 2003-2004 Outplacement Costs			$19,682.80

APPENDIX F

ADDITIONAL EFFICIENCIES

Appendix D set out our analysis of the Staff-recommended savings and our assessment of the savings that could be achieved in 2002-2003 if all of the feasible proposals were implemented. According to Appendix D, the revised 2002-2003 budget deficit is nearly $20 million, ignoring the fact that no provision for wage increases have been incorporated into the Staff's compliance budget.

Among the objectives of our investigation is to provide the Minister with various budget alternatives, one of them being a balanced budget if such is possible. We believe that a balanced budget can be achieved. To achieve a balanced budget, additional savings of $20 million had to be identified for the 2002-2003 school year.

Throughout our investigation, we held numerous discussions with TDSB Staff regarding additional savings. TDSB Staff were adamant that, in their opinion, it was extremely difficult for them to identify any other saving areas as they had taken extensive measures to arrive at the proposed 2002-2003 compliance budget in May 2002. Nevertheless, 10 of the 22 Trustees had voted to balance the 2002-2003 budget. These Trustees must have believed that savings could be found.

Our preference was to use alternatives that were identified by the Staff, simply because the Staff are much more familiar with their own program delivery model and cost structure. Staff is ultimately in a better position to identify areas that could be further streamlined. However, for the most part, the Staff was reluctant to identify many new areas of additional savings. They insisted that they had recommended all of the cost saving areas they could.

Despite their reservations and concerns, the Staff suggested some additional efficiency measures in the areas of the maintenance, classroom computers, school office supplies budget, and so forth. However, the alternatives that were provided by the Staff failed to

encompass the efficiencies that we believed were achievable. As a result, we have identified potential savings in the area of staff development and school surpluses. The Staff expressed a clear desire to limit additional budget savings to the deferral of costs and to avoid structural changes. In the Staff's view, expenditure deferrals are preferable because they can more easily be reinstated. In our opinion, permanent changes in programs are needed by TDSB to meet Province-wide education standards.

Our analysis in Appendix F illustrates that we have identified other areas that could yield additional savings of approximately $20 million. Thus, the Minister has the option of balancing the budget.

Further analysis of each potential savings area, including the related implications, is included below.

1. Building Maintenance

TDSB Staff has identified that, on an emergency basis, and as a one-year measure only, the building maintenance budget could be reduced by an additional $7 million in 2002-2003. In Appendix D we have recommended the reduction of building maintenance expenditures by $11 million in 2002-2003. An additional reduction of $7 million would bring the total savings in the area of building maintenance to $18 million in 2002-2003.

We note that the $18 million in efficiencies was the same amount that was scheduled to be saved in the 2001-2002 budget before this decision was reversed by the Trustees at the end of the year. If the additional savings of $7 million were made in 2002-2003, the Staff informs us that the $6.5 million of savings that were originally proposed for 2003-2004 could not be achieved.

In conducting our analysis, the Staff advised us that the $11 million in recommended savings for 2002-2003 would be achieved by deferring many types of building maintenance (unless there was an emergency). In the opinion of the Staff, a further

reduction to the budget of $7 million would cause serious strain to the TDSB's buildings and facilities, and would simply serve to exacerbate the long-term repairs that would have to be conducted in the future. However, our report identifies a number of streamlining measures that, if implemented this school year, will begin to produce significant savings in the 2003-2004 school year. These savings will provide the TDSB with the financial flexibility to fully address its maintenance needs.

In summary, we recognize the Staff's concerns and the implications related to the implementation of an additional conservation of $7 million to the building maintenance budget. However, additional reductions to the building maintenance area are recommended in order to alleviate some of the financial issues that are facing the TDSB. We recommend close monitoring of the building maintenance expenditures, on a monthly basis, to ensure compliance with budget estimates. Cost savings will occur in 2003-2004 from the savings that we have proposed. Thus, money will exist in future years for repairs and maintenance.

2. Special Education Expenditure Increases

During the June 26, 2002 Regular Board meeting, a majority of the Trustees voted to add 62 FTE Special Education teachers. As a result, this increased the compliance budget expenditures by $4 million.

According to our discussions with various Staff members, it is not certain whether the $4 million in additional expenditures were properly approved. It is possible that the additional expenditures were only approved to be part of the revised compliance budget (but not approved for reinstatement). The Staff have indicated that since the compliance budget was rejected, any amendments to the budget would not have official standing.

Due to the voted uncertainty of these amendments, the TDSB has not taken any steps to hire the 62 FTE Special Education teachers for the 2002-2003 school year. In any case, the Staff have advised us that it would be difficult to contract 62 FTE Special Education

teachers in a short period of time as they are typically in short supply. Therefore, the Staff currently do not anticipate implementing the increased Special Education expenditures for 2002-2003. We concur with the Staff's decision and recommend that the Special Education teachers not be hired for 2002-2003. We have applied the $4 million of uncommitted teacher costs as a reduction to the 2002-2003 budget deficit of $93.5 million. (See Appendix D for an explanation of the $93.5 million deficit.)

3. School Surpluses

In the course of our investigation, we noted that TDSB's Elementary and Secondary schools, as a group, typically maintain operating surplus funds at the school level. Historically, the TDSB has permitted Elementary and Secondary schools to retain the surpluses that they are able to accumulate from year to year. We understand that as of August 2002, total school surpluses approximate $10.8 million, of which $3.3 million was provided by the Ministry. It is intended that these surpluses are reserved for the purchase of textbooks. In effect, a total of $7.5 million of the school surpluses remain available for unrestricted use.

We recommend that the unrestricted portion of the school surpluses be reduced by 50%, realizing additional funds of $3.75 million (50% of $7.5 million). The appropriated cash can be directed to other expenditure categories to help address the TDSB's budgetary situation.

TDSB Staff believes that the implementation of this alternative can be accomplished for September 2002. However, the Staff has explicitly stated that they do not endorse our recommendation. In the Staff's opinion, reallocating school surpluses penalizes the Principals who have accumulated surpluses due to responsible fiscal management. Although we do not fundamentally disagree with such an assessment, in the absence of other alternatives from the Staff, such measures are necessary to arrive at a balanced budget.

4. Classroom Computers

As part of the 2002-2003 compliance budget, the Staff recommended reducing the classroom computers budget by $10.7 million. The total savings are comprised of $6.5 million of computer replacements and computer budgets, and $4.2 million from restructuring the infrastructure support group. The Staff has indicated that, if necessary, an additional $2.0 million in savings could be made to the computer replacement and computer supplies portion of the classroom computers budget. An additional $2.0 million in efficiencies to those areas would decrease the computer replacement and supplies budget by $8.5 million.

The additional $2 million savings to classroom computers would contribute to the existing problem of not being able to replace existing computers or peripheral supplies. It is possible that the TDSB will have to reduce its current inventory of operational computers.

The reality is that the TDSB's current budget deficit has already precipitated difficult reductions to the classroom computer budget. We refer, for example, to the TDSB's decisions in prior years to direct resources to other, non-classroom programs such as the outdoor education centers. In our view, the diversion of resources in prior years contributed to the current state of the TDSB's classroom computer stock. Nevertheless, reductions to the classroom computer budget can be viewed as a cost deferral that can be reinstated in future years. Staff has consistently expressed a desire to target cost deferrals, and to avoid structural changes, in 2002-2003. We would recommend that classroom computer expenditures be closely monitored to ensure that the budgeted expenditures are not exceeded.

5. Staff Development

The Staff's 2002-2003 compliance budget proposes to trim the staff development budget by $5.8 million, bringing estimated expenditures from $11.3 million to $5.5 million. According to the Staff, the plan to realize the savings consisted of conducting more development courses after-school and on weekends in order to reduce occasional teacher costs.

We have determined that potential savings of $1.5 million are available by further reducing the staff development budget. An additional reduction of $1.5 million would bring planned expenditures to $4 million. In our trend analysis of TDSB's actual expenditures from 1998 to 2002, we noted that Staff Development expenditures were as low as $4 million in 2000. Therefore, we believe that a streamlined staff development delivery model can be implemented. The Staff believes that any further efficiencies in the staff development budget may be difficult to realize. However, the Staff agrees that the modification to the Staff Development budget can be implemented for September of 2002. In our opinion, the TDSB could achieve the incremental savings of $1.5 million if the Staff is able to persuade school administrators and teachers to attend development courses after schools or on weekends. The reduction to the staff development budget could be reinstated in future years. We further recommend that the Staff closely monitor staff development expenditures, at least on a monthly basis.

It is possible that rescheduling staff development programs will result in lower attendance levels by teachers. Nevertheless, we believe additional reductions to the staff development budget is a viable alternative.

6. School Office Supplies

The Staff's 2002-2003 compliance budget includes estimated savings from school office supplies of $1.8 million. We believe that a further 5% rationalization of school office

supplies budget for incremental savings of $0.6 million and a total savings in 2002-2003 of $2.4 million is achievable. TDSB Staff has informed us that the implementation of the additional savings can be completed for September 2002.

7. School Budgets – Non-School Control

The 2002-2003 compliance budget includes a Staff-recommended proposal to rationalize the school budget for non-school control expenditures by 30%, for a total cost savings of $4.2 million. We are proposing that an additional 10% be obtained from the budget for incremental cost savings of $1.4 million, and total potential savings of $5.6 million in 2002-2003.

The Staff has indicated that the additional school budget savings for non-school control, can be implemented for September 2002. The Staff have also indicated that these reductions will require compromises from the schools because the compliance budget already recommended the reduction of 10% from the school control budget and 30% from the non-school control budget, and because we are also recommending the re-allocation of 50% of the individual school surpluses (as discussed above). In our opinion, the savings can reasonably be achieved in 2002-2003 if central administration closely monitors the schools' expenditures. Some non-school control expenditures can be reins tated in 2003-2004.

SCHEDULE TO APPENDIX F

TORONTO DISTRICT SCHOOL BOARD

ADDITIONAL SAVINGS FOR 2002-2003

(in millions)

Expenditure Area	Savings	
Building Maintenance (reduce budget by an additional $7 million)	$	7.00
Savings From Not Adopting the Board's Motion to Reinstate $4 million in Special Education Teacher Costs	$	4.00
Individual School Surpluses ($7.5 million in surpluses as of August 2002 *times* 50%)	$	3.75
Classroom Computers (reduce computer budget and computer replacement budget by an additional $2 million)	$	2.00
Staff Development (reduce Staff Development budget by an additional $2 million	$	1.50
School Office Supplies (reduce School Office Supplies budget by an additional 5%)	$	0.60
School Budgets - Non-School Control (reduce budget by an additional 10%)	$	1.40
Total Additional Savings	**$**	**20.25**

Revised 2002-2003 Budget Deficit from Appendix D	**$**	**19.91**
Total Additional Savings (from above)	**$**	**20.25**
2002-2003 Budget Deficit After Consideration of Additional Areas of Savings	**$**	-

APPENDIX G

EMPLOYEE EXIT PROCESS

Appendix G and the attached Exhibits provide a description of the employee exit process and the rights that may be available to TDSB employees who are identified as being surplus. To assist us in our analysis, we retained legal counsel (a specialist in union and labour issues) to review the Collective Bargaining Agreements ("CBA"), and to provide us with their opinion of the relevant articles and provisions. We have also discussed the employee exit process and related CBA issues with TDSB Staff in the human resources department.

We understand that there are a total of nine CBA in place for TDSB's employees. The employee exit process under each CBA is different. The discussion in this Appendix focuses on the employee exit process for CUPE, Local 4400, Units A, B, C, and D members (collectively referred to as "CUPE employees"). We have focused on the existing process for CUPE because, (i) most of the staff rationalizations that are contemplated in the TDSB's compliance budget relate to CUPE employees (primarily Unit C), (ii) some of the CUPE CBA (Units C and D, in particular) offer specific rights to their members upon notification of their surplus status, and (iii) the CUPE CBA distinguish between a job rationalization that is part of the "restructuring" process and a job rationalization that is not part of the "restructuring" process. In summary, the CUPE CBA include various provisions that may increase the costs associated with streamlining staff, and delay the implementation of the efficiency proposals that are outlined in Appendix D. We have not focused on the teacher CBA because the proposals in Appendix D do not directly affect teacher groups.

Employee Exit Process for CUPE Employees

The CUPE CBA are valid from September 1, 2000, until August 31, 2003. The recommendations that are set out in Appendix D affect the following employee groups: (i) Unit A employees include youth counsellors and attendance counsellors, (ii) Unit B

employees include literacy instructors and parenting workers, (iii) Unit C employees include office staff, secretarial staff, educational assistants, aquatic, itinerant music instructors and school support staff, and (iv) Unit D employees include some outdoor education staff and caretakers.

With respect to our investigation, the key areas of the employee exit process for CUPE members are as follows:

1. Notification of Surplus Status

Once the TDSB has identified surplus employees, it is required to provide a list to the Union at least 30 days prior to the surplus status becoming effective. The TDSB is also required to give 30 working days' notice of a declaration of surplus to the employees.

2. Surplus Caused By Restructuring versus Surplus Not Caused By Restructuring

The CUPE CBA distinguish between job reductions that are part of the restructuring process, and job reductions that are not part the restructuring process. The distinction regarding restructuring is important because it may affect an employee's exit compensation.

The CUPE CBA require that an Early Leaving Plan ("ELP") be offered to employees whose surplus status is caused by TDSB's restructuring efforts. According to Staff, the maximum ELP amount is equivalent to one and one-half year's salary. The amount of ELP compensation is based on the individual employee's length of service. If the ELP requirement does not apply (i.e., the job was eliminated for reasons other than restructuring), then a surplus employee may be offered a severance package instead of the ELP. The amount of severance compensation that is paid out is also a function of an employee's length of service. In most non-teacher CBA, the maximum amount of severance compensation that must be paid is the equivalent of between 26 and 36 weeks' salary.

According to the Staff, the CBA for Unit C requires that the TDSB must formally notify the Union of the end of the restructuring period. The "District-wide Date" is the term that is defined in the Unit C CBA as being the date on which the TDSB declares that the restructuring period has ended. Theoretically, the rationalization of employees after the District-wide Date should not be subject to the CBA's provisions on restructuring. According to Staff, the "District-wide Date" was declared in the Spring of 2002. Hence, TDSB Staff believe that some flexibility exists to implement the necessary staff reorganization.

Notwithstanding the Staff's assertions, we understand that a significant degree of uncertainty still exists regarding the TDSB's obligation to provide ELP. For example, the District-wide Date is subject to debate, as is the definition of "restructuring".

In any case, the Staff have advised that they will examine each employee group and/or individuals on a case-by-base basis. The determination of whether ELP or severance compensation is offered will be determined on the basis of cost, legal obligations and other pertinent factors.

Our estimate of outplacement costs relating to the proposals in Appendix D (if they are implemented in 2002-2003) is set out in Appendix E. Our estimates of outplacement costs reflect the aforementioned uncertainty as to whether an ELP offer or severance offer will be made to a given employee group.

3. Rights Provided to Surplus Employees in Article BB (for Unit C and D only)

Where Unit C and D employees are offered a severance package, they have the choice of accepting the severance package immediately, or exercising certain rights that are ascribed to them in Article BB of each respective CBA. If the employee accepts the severance offer, then he/she is immediately severed and TDSB begins to realize the

associated salary savings. If the employee rejects the severance offer, then the expected savings may be delayed as his/her rights are exercised.

The rights in Article BB include bumping rights, transfer rights, and layoff/recall rights. The attached Exhibits 1 to 4 include flow charts that explain the process and sequence of exercising each right. Transfer rights (Exhibit 2) allow employees to transfer into other vacant positions. Bumping rights (Exhibit 3) allow employees to remove and replace another employee, provided that the surplus employee has more seniority and has the necessary skills. Layoff and recall rights (Exhibit 4) provide employees with the opportunity to be laid off and placed on a recall list. The TDSB is required to hire employees from the recall list if any job openings arise.

The various rights that may be available to surplus employees are relevant to our analysis of savings because they may serve to significantly delay the process of realizing employee efficiencies. According to TDSB Staff, the bumping process for certain employee groups, such as secretaries, can take up to two or three months to complete. For example, if TDSB plans to provide notice to employees of their surplus status in late August, the associated cost savings may not be realized until late November or early Decemb r because of the 30-day notice requirement and because of the exercise of transfer or "bumping" rights. Our estimate of the realizable cost savings from implementing the proposals at Appendices D and E incorporate a delay (implementation) period in achieving cost savings.

Key Areas of the Employee Exit Process for the Other, Non-CUPE CBA

The employee exit process that is defined in the CBA for most of the other non-teacher and non-CUPE employee groups are fairly straightforward. Employees are required to be provided with appropriate notice of a job reduction. Many of the other CBA require a notice period of approximately 30 days, which is consistent with the Employment Standards Act.

The elementary and secondary teacher CBA requires that the TDSB identify surplus teachers no later than June 30th so that the teacher's employment is terminated effective August 31st of the same year.

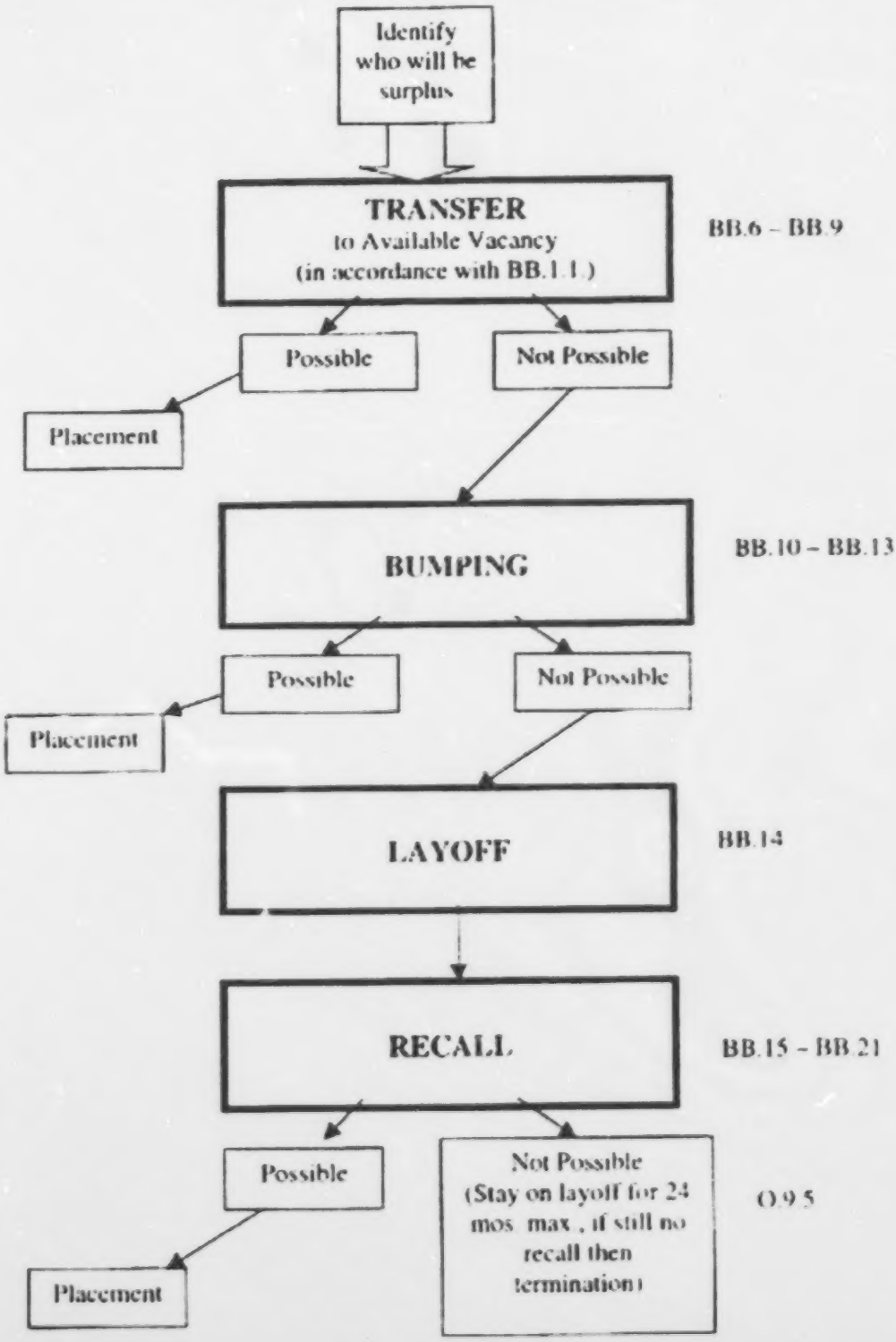
Employees who have been identified as surplus will have the right to severance in most cases. The amount of severance received is based on the length of service and varies from CBA to CBA. The maximum severance payments range from 26 weeks to 39 weeks of an employee's salary. Some CBA also provide employees with layoff and recall provisions, whereby employees who have been laid off can opt to be placed on a recall list (based on seniority) instead of immediately receiving severance compensation.

Summary

The TDSB's obligations in the employee exit process for each employee group was a significant factor in our evaluation of available efficiencies. The various CBA contain provisions that could impair TDSB's ability to restructure its operations on a cost-effective basis. Specific consideration should be given to the relevant CBA and Union issues when implementing some of the recommended alternatives in Appendices D and F.

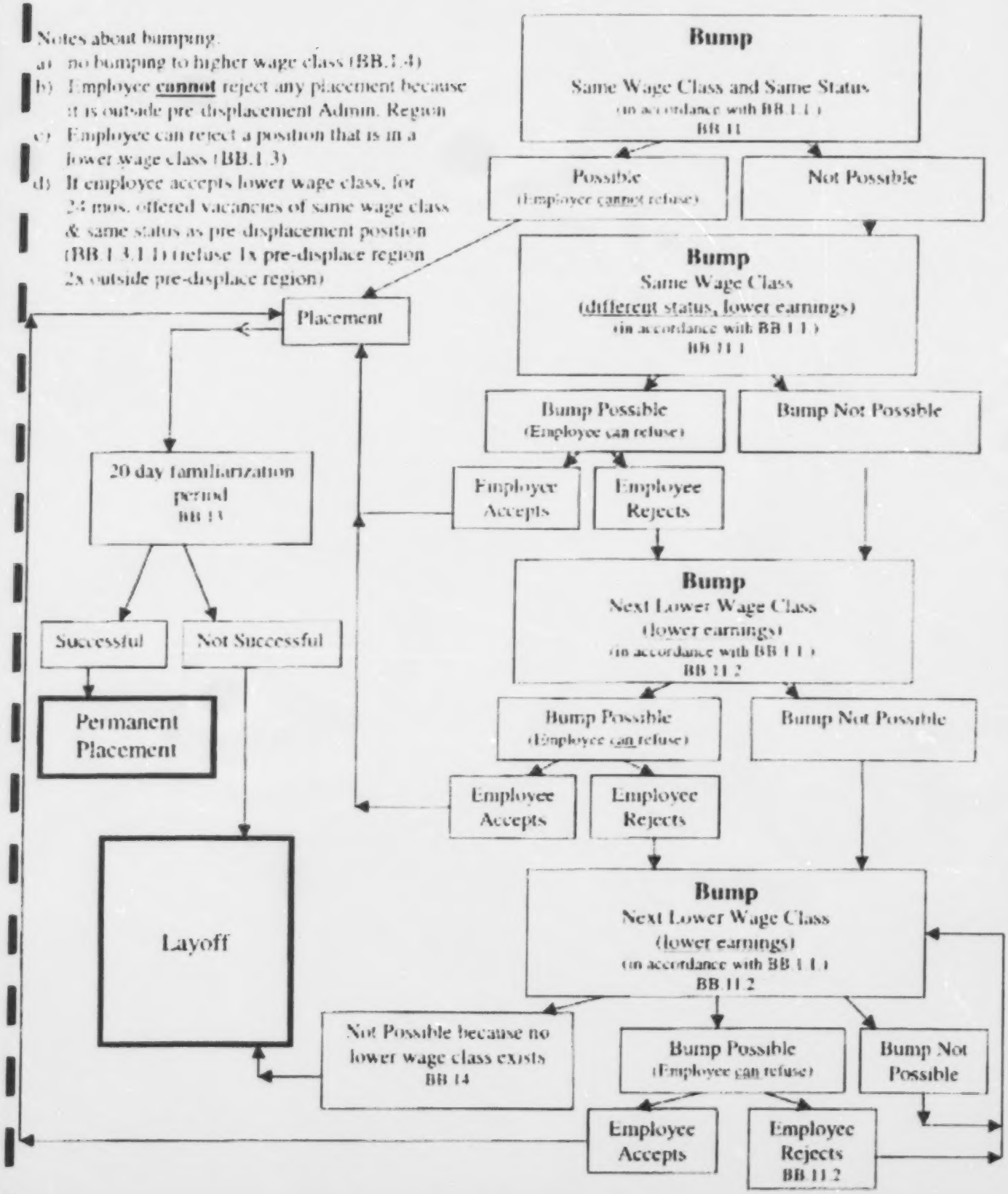
GENERAL OUTLINE OF SURPLUS/TRANSFER/BUMPING/LAYOFF/RECALL PROVISIONS

(Seniority List A Employees Only)

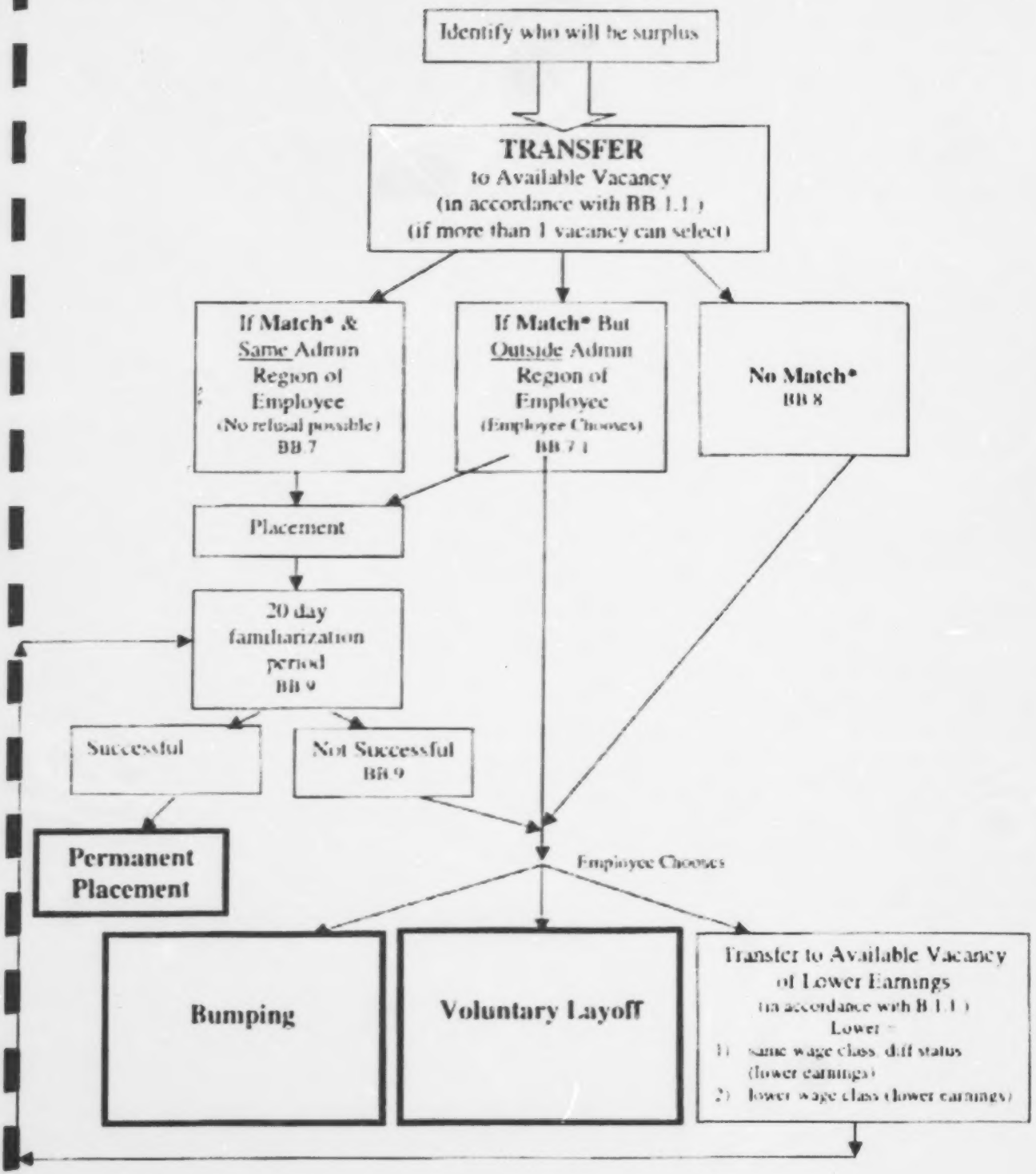


BUMPING PROVISIONS

APPENDIX G
EXHIBIT 2



TRANSFER PROVISIONS

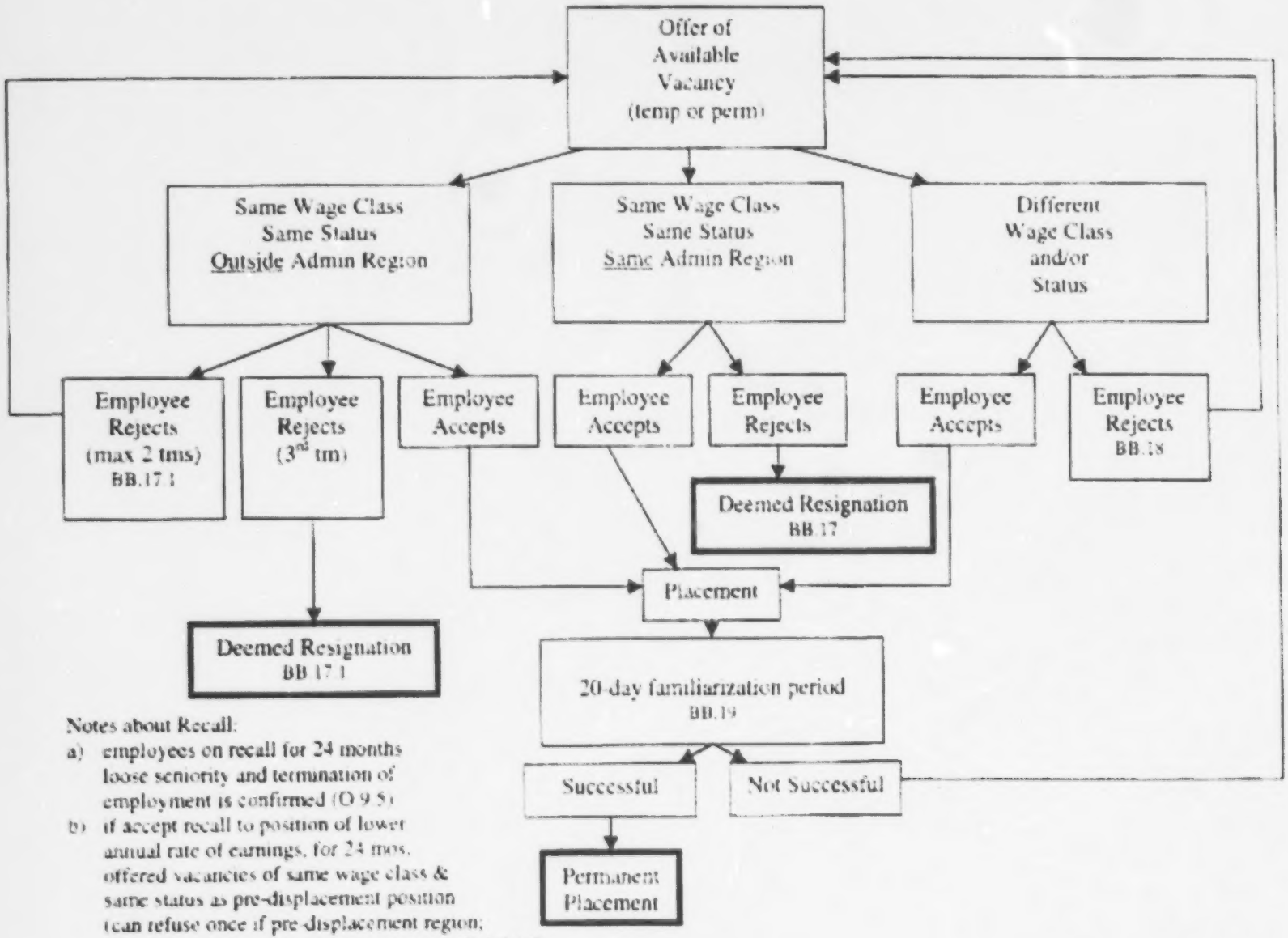


Notes:

A) Employees are not required to accept a position that has a lower annual rate of earnings but if they do, if a position of same wage classification and same status comes available within 24 mos, this employee is offered the position

B) *Match = Same Wage Classification and Same Status

RECALL FROM LAYOFF



Notes about Recall:

a) employees on recall for 24 months loose seniority and termination of employment is confirmed (O.9.5)

b) if accept recall to position of lower annual rate of earnings, for 24 mos. offered vacancies of same wage class & same status as pre-displacement position (can refuse once if pre-displacement region; twice if outside pre-displacement region) B.1.3.1.2

APPENDIX H

RESTRICTIONS AND LIMITATIONS TO OUR RECOMMENDATIONS

Much of our investigation was focused on evaluating the efficiency recommendations that were proposed by the Staff in May 2002. We have compiled a set of proposed actions (see Appendices D and F) that can assist the TDSB in addressing its budget deficit for 2002-2003. However, we are mindful that the 2002-2003 school year is only days away from the issuance of this report. The limited time that is available for implementing the recommended efficiency initiatives creates a number of logistical, and perhaps legal, challenges. Achieving a "balanced budget" can be severely mitigated by the limitations noted below.

1. Unions & Collective Bargaining Issues

(Additional details on the collective bargaining issues are available in Appendix G.)

a. Notice Period

A number of the proposed efficiency initiatives will result in the rationalization of TDSB employees. The affected staff will be entitled to a notice period. The minimum notification period may vary according to the applicable collective bargaining agreement (or the individual's employment contract). The longer the required notice period, or delays in issuing notices by the Staff, the lower the amount of savings that will be realized by the TDSB in 2002-2003.

b. Bumping and Transfer Rights

Some of the union groups have "bumping" or transfer provisions in their collective bargaining agreements ("CBA"). In essence, bumping rights allow a redundant employee to "bump" another, less senior, employee from his/her position. The requisite conditions for bumping are that the first employee must have more seniority than the second employee, and that the first employee has the required skills for the position of the second employee. The existence of "bumping rights" for some of the employee groups

raises a concern because the "bumping" process may take as much as one month to complete, as "bumped" employees can continue to "bump" other employees with less seniority. The cost savings related to eliminated positions may not be quantifiable until the bumping process is complete.

c. Severance versus Early Leave Plan or Work Reduction Plan

There is a lack of clarity as to whether the School Board is under any obligation to offer "enhanced" exit packages such as Early Leave Plans ("ELP") or Work Reduction Plans ("WRP"). Exiting employees through the WRP or ELP process will be considerably more costly than the severance (lay-off) process. The Board's responsibilities are subject to the interpretation of its collective bargaining agreements. It may be necessary for the Staff to review the rationalized employees on a case-by-case basis for their eligibility for ELP/WRP.

d. Grievance Procedures

A number of the proposed budget actions may be subject to the grievances of affected collective bargaining agreement members. Grievances that are not resolved internally may be escalated to the mediation or arbitration process. The Staff have advised us that the dispute resolution process for an individual case can extend beyond one year. Such substantial delays in the implementation of efficiency initiatives could effectively prevent the realization of cost savings in 2002-2003.

e. Absorption of Redundant Staff

The Staff have advised that, in some cases, employees that are made redundant by the efficiency measures will be redeployed within the TDSB. Such an assumption is premised on the following:

1. That the redundant employee has the requisite skills for the available positions.

2. That such positions are available, or will become available through attrition (resignations).

3. That the employee is willing to accept the conditions of the alternative position (location, travel time, and so forth).

To the extent that redeployment of redundant staff is not possible, outplacement costs will increase.

2. Trustees' Willingness to Approve Efficiency Proposals

Based upon our investigations, and the Trustees' voting patterns, it is clear to us that the current Board will not accept the proposed efficiency initiatives. If individual proposals are rejected, alternative measures must be identified and implemented. Otherwise, the TDSB will not be able to address the current budget deficit.

3. Staff's Willingness and Ability to Implement Efficiency Proposals

In the course of our discussions with the Staff, it became evident that at least some members of the senior Staff were resistant to identifying or discussing the feasibility of certain cost savings. We believe that some of the Staff may be resistant to accepting alternative program delivery models or to making structural changes to the TDSB. Such attitudes must be overcome if the efficiency proposals are to be implemented on a timely and effective basis.

4. Other Stakeholders

The successful implementation of the proposed efficiency initiatives requires the co-operation and assistance of TDSB's stakeholders, including teachers, students, parents

and employees. Some of the recommendations must be supported by changes to the TDSB's program delivery model. Flexibility and compromise will be crucial foundation requirements. It is the responsibility of the Staff and the leadership of the Schools to communicate the importance of effectively implementing the efficiency measures.

5. Assumptions

Our analyses of feasibility and estimates of cost savings were premised on a number of assumptions that were principally provided by the Staff. We evaluated these implicit and explicit assumptions based upon our knowledge of the TDSB. To the extent that such assumptions are inappropriate, our analyses may be materially affected.

6. Summary

Significant consideration by the Ministry and TDSB Staff to the identified limitations and restrictions of our recommended efficiency initiatives is imperative.

APPENDIX I

THE INVESTIGATION PROCESS

Our investigation was based upon the specific terms of reference that were provided to us, in accordance with Part IX, Division D, of the Education Act. The terms of reference include, (i) assessing the Board's current financial position including any accumulated deficit or reserves, (ii) reviewing the financial management and program decisions that were taken by the Board and that have influenced its current financial position, (iii) reviewing the recommendations of the Staff, (iv) assessing whether the implementation of the recommendations of the Staff would result in a balanced budget for 2002-2003, (v) assessing the extent to which the Board has pursued areas for potential savings, (vi) identifying other areas of potential savings, and (vii) providing recommendations for further action.

Although our investigation was primarily focused on the TDSB's current financial position and the projected 2002-2003 budget deficit, our analysis of the Board's finances also encompasses the 1998-1999 to 2001-2002 school years ("the investigation period").

Investigation Procedures

The following is a brief summary of the steps and procedures that we performed during our investigation:

1. Review of financial data provided to us by the Ministry;

2. Review of financial data available on the Ministry's web site, including financial data of other large Ontario School Boards;

3. Review of the financial data provided to us by the TDSB Staff; and

4. Discussions and meetings with some senior Staff and certain members of the Board of Trustees.

Information Requested From Staff and Received

During the course of our investigation we requested, and received, the following financial data from Staff, relating to the investigation period:

1. Financial statements;

2. Revised estimates;

3. Budget binders and all budget-related documents;

4. The 2002-2003 compliance budget (including various versions);

5. Financial analysis supporting some of the Staff's recommendations in the 2002-2003 compliance budget; and

6. Minutes of Budget Committee and Board of Trustees meetings;

Information Requested From Staff, But Not Received

During the course of our investigation, we requested, but did not receive, the following financial data for the investigation period:

1. Financial analysis to support some of the recommended savings included in the 2002-2003 compliance budgets;

2. Evidence of comprehensive studies that were conducted that detailed the extent of structural changes that would be necessary to streamline the Board's operations;

3. Evidence of analyses supporting the Staff's consideration of cost efficiency initiatives, including new program delivery models;

4. Analyses supporting the Staff's explanations for some of the noted variances between actual and budgeted expenditures; and

5. A complete analysis of the annual expenditures incurred by TDSB in the operation of the programs and services that are not specifically recognized by the Provincial funding formula.

Access to Senior Staff

A significant component of our investigation process consisted of discussions and meetings with TDSB senior Staff. For the most part, we were able to meet, or tele-conference, with the senior Staff members on a timely basis to discuss our inquiries. However, complete access was not always available to us because of conflicts with vacation or personal schedules.

LAWRENCE S. ROSEN

Personal Data
*(2000)**

EDUCATION

M.B.A. (1964), Ph.D. (1966), University of Washington

B. Com. (1957) British Columbia

Chartered Accountant (1960) British Columbia

Certified Management Accountant (Registered Industrial Accountant, 1970, British Columbia)

DESIGNATIONS

FCA, Ontario
FCA, Alberta
FCMA, Canada
CFE, (Certified Fraud Examiner and Life Member) Canada and U.S.A.
AIIC, (Associate of the Insurance Institute of Canada)
CPA, (Illinois)*
CA-IFA (specialist, Investigative and Forensic Accounting)*

EMPLOYMENT

Professor and Director of the MBA Program, York University, Toronto, Canada (Professor 1972 -) (Director of MBA Program 1992 - 1994)

Principal, Rosen & Associates Limited, (2000* -)

Principal, Rosen & Vettese Limited, (1990 - 2000*)

Partner or Associate, Mintz & Partners, 1986 - 1990

Advisor to the Auditor General of Canada, 1978 - 1993

Consultant to Clarkson Gordon, (Accounting principles, litigation, education) 1972 - 1986

Manager, Accounting Standards and Research group, Clarkson Gordon, Toronto, 1970 - 1972

Lecturer, (part-time), Faculty of Administrative Studies, York University, Toronto, 1970 - 1972

Professor and Associate Professor, University of Alberta, 1966 - 1970

Predoctoral Instructor, University of Washington, 1964 - 1966

Instructor, University of British Columbia, 1961 - 1963 (part-time, 1960 - 1961)

Chartered Accountant and Student, Peat, Marwick Mitchell & Co., 1957 - 1961

* C.V. as of 1994, except for items marked *, which are as of August 2000.

LITIGATION AND RELATED CASES

Recent:

Northland Bank	- -	testimony and expert analysis in connection with alleged negligence of auditors
National Business Systems	- -	expert analysis in connection with alleged negligence of auditors
Hyundai Motor Company	- -	defence accounting and analysis for the Canadian Import Tribunal for charge of dumping automobiles, under the Special Import Measures Act
Teachers' Investment & Housing Co-operative	- -	preparation of litigation materials for the Attorney General of British Columbia
Ontario Ministry of Labour	- -	accounting advice and litigation support in connection with an investigation involving Varity Corporation
Calgroup Graphics and Price Waterhouse	- -	testimony, and accounting advice to the Ontario Securities Commission re alleged Securities Act violations

Many cases are currently in progress.

Several other cases re professional negligence; preparation of expert reports

Testimony before courts in Ontario, British Columbia and Quebec re contract disputes, competition legislation, matrimonial, alleged frauds, automobile accidents and other litigation

Forensic accounting; patent infringements; insurance claims

Previous:

Preparation of pre-trial reports, and expert witness appearances with respect to:

- patent infringements
- predatory pricing
- contract disputes
- accounting and auditing principles and policies
- loss of profits, and valuation

PROFESSIONAL AND ACADEMIC ASSOCIATIONS

Memberships:

Institute of Chartered Accountants of Alberta, Ontario, and British Columbia (FCA, Ontario; FCA, Alberta)

Society of Management Accountants of Ontario (FCMA, Canada)

Canadian Comprehensive Auditing Foundation

American Accounting Association

Canadian Academic Accounting Association

Association of Certified Fraud Examiners

Insurance Institute of Canada

Positions Held:

Director of the MBA Program, York University

Member, Senate, York University

Area Coordinator, Accounting Area, York University

Council Member, Institute of Chartered Accountants of Ontario

Chairman, Senate Appeal Committee, York University

Advisory Board, Comprehensive Auditing, Society of Management Accountants of Canada

Editor, "Education Research", The Accounting Review, 1979 - 1984

Board of Directors, Society of Management Accountants of Canada, 1980 - 1983

Governor, Canadian Comprehensive Auditing Foundation, 1980 -1983

Director and President, The Canadian Academic Accounting Association, 1976 -1978

Editorial Board, The Accounting Review, 1975 - 1978

Executive, Canadian Region, American Accounting Association (3 years) Chairman (1 year) and member (3 years), Manuscript Awards Committee, American Accounting Association

Editor "Education", CA Magazine, 1972 - 1977

Member of numerous committees of professional associations or academic bodies

PUBLICATIONS

Articles:

"CICA Exposure Draft: A Comment", The Philanthropist (Summer 1992)

"Restoring the Importance of Accounting Education", CAmagazine (September 1982)

"An Empirical Study of Materiality Judgments by Auditors, Bankers and Analysts", In S. Basu and J. Alex Milburn, Proceedings of the 1981 Clarkson Gordon Foundation Research Symposium (Toronto, 1982)

"Dialogue on Accounting Education", (with R. Denham), CAmagazine (September 1981)

"Accounting Education: A Grim Report Card", CAmagazine (June 1978)

"'New' Auditing Concepts for Current Value Accounting?", in Auditing Research Symposium - 1977 (Toronto: CICA, 1978)

"Accounting for Inflation in Canada" in Accounting For Changes In The Value of Money, (Munich: 11th International Congress of Accountants, 1977)

"Autumn of Our Discontent", CAmagazine, (October 1976). (Granted the W.J. MacDonald Memorial Award for the best article in 1976-77)

"Alternatives to Historic Cost: An Introductory Analysis", CAmagazine, (July 1976)

"Professional Judgment and Multi-Subject Accounting", CAmagazine, (May 1976)

"Comprehensive Problem - Philosophy and Technique", Cost and Management, (March - April 1976)

"Current Practitioner - Academic Relations", CAmagazine, (September 1975)

"Comprehensive Case Examinations", CAmagazine, (March 1975)

"Funds Statements", CAmagazine, (July 1974)

"Tailoring Accounting Techniques to Management Decisions", CAmagazine, (March 1974)

"Accountancy Examinations", Canadian Chartered Accountant, (July 1972)

"Chartered Accountancy Education and Examinations", Canadian Chartered Accountant, (July 1971)

"A Framework for Studies in Accountancy", Canadian Chartered Accountant, (July 1971)

"Accounting and the Behavioral Sciences", (with C.J. McMillan), Canadian Chartered Accountant, (October 1970)

"Alternatives to Historical Cost", Canadian Chartered Accountant, (March 1970)

"General Price-Level Restated Reports", Canadian Chartered Accountant, (January and February 1970)

"'Funds' Statements: A Historical Perspective", (with Don T. DeCoster), The Accounting Review, (January 1969)

Series on "Funds" Statement Concepts, Canadian Chartered Accountant, (October, November, December, 1968). One article in three-part series reproduced in T.J. Burns and H.S. Hendrickson, The Accounting Sampler, second edition, (New York, McGraw-Hill Book Company, 1972)

"Some Behavioral Consequences of Accounting Measurement Systems", (with R.E. Schneck) Cost and Management, (October 1967). Reprinted in W. Bruns, Jr. and Don T. DeCoster (editors), Accounting and Its Behavioral Implications, (New York: McGraw-Hill Book Company, 1969)

"On the Conflict between Custodial and Operational Accounting", Cost and Management, (June and July - August 1967)

"Replacement Value Accounting", The Accounting Review, (January 1967)

"Historical Cost and Replacement Value Accounting", The Illinois C.P.A., (Spring 1966)

"Operations Research", (with C. Rosen), Certified General Accountant, (November - December 1964)

"Price-Level Adjustments and Cost Systems", Cost and Management, (October 1964)

Books:

Accounting: A Decision Approach, (Toronto: Prentice-Hall, 1986). Also accompanying instructors' manual

Study Guide for Accounting: A Decision Approach, (Toronto: Prentice-Hall, 1986)

Topics in Managerial Accounting, (Third Edition, Editor), Toronto: McGraw-Hill Ryerson Limited, 1984

Financial Accounting: A Canadian Casebook with Multiple Subject Cases, (Toronto: Prentice-Hall, 1982). Also accompanying instructors' manual.

An Introduction to Accounting Case Analysis, Second Edition, (Toronto: McGraw-Hill, 1981). Also accompanying instructors' manual.

Canadian Financial Accounting, (with M. Granof) (Toronto: Prentice-Hall, 1980).

Self Study Problems for Canadian Financial Accounting, (with G. Richardson) (Toronto: Prentice-Hall, 1980)

An Introduction to Accounting Case Analysis, (Toronto: McGraw-Hill Ryerson Limited, 1975), 195 pages

Topics in Managerial Accounting, (Second Edition Editor), (Toronto: McGraw-Hill Ryerson Limited, 1974), 412 pages

Instructors' Manual for Topics in Managerial Accounting, (Second Edition, 1974), 32 pages

Valeurs Actuelles Et Indexation Des Etats Financiers, (Toronto: Canadian Institute of Chartered Accountants, 1973), 150 page. French Translation of 1972 book.

Current Value Accounting and Price-Level Restatements, (Toronto: Canadian Institute of Chartered Accountants, 1972), 143 pages.

Topics in Managerial Accounting, (Editor), (Toronto: McGraw-Hill Company of Canada Ltd., 1970), 365 pages.

Cas De Compatibilite Et D'Administration, (Montreal: McGraw-Hill Company of Canada Ltd., 1970), 475 pages. French translation of 1968 book.

Cases in Accounting and Business Administration, (Toronto: McGraw-Hill Company of Canada Ltd., 1968), 405 pages, and companion book, Instructors' Notes for Cases in Accounting and Business Administration, (Toronto: McGraw-Hill Company of Canada Ltd., 1969), 385 pages.

Several book and article reviews, lesson manuals and papers reproduced in proceedings of meetings.

MARILYN ABATE

Personal Data

EDUCATION

Certified Public Accountant (November, 2000)

CICA In-Depth Tax Course - Levels I, II and III (July, 2000)

Chartered Accountant (April, 1999)

Specialized Honours, Bachelor of Business Administration (1996)
York University, Ontario

DESIGNATIONS

CA, Ontario

CPA, Illinois

PROFESSIONAL ASSOCIATIONS

Institute of Chartered Accountants of Ontario

Association of Certified Fraud Examiners (Associate Member)

Canadian Institute of Chartered Business Valuators
(Associate Member)

EMPLOYMENT

Associate, **Rosen & Associates Limited**, (February 2000 - Present)

- Forensic and Litigation Accounting
- Business Valuation
- Quantification of Damages
- Litigation Support

EMPLOYMENT – CONTINUED

Tax Senior, **Arthur Andersen LLP**, (March 1998 - February 2000)

- Preparation and review of various tax returns
- Research and correspondence on tax positions
- Research for tax planning issues
- Implementation of tax planning structures
- Review complex tax accrual reporting
- Income tax assessment and audit consulting

Staff Accountant, **Arthur Andersen LLP**, (September 1996 - March 1998)

- Audit large and small companies
- Senior (in-charge) of several audit jobs
- Preparation of Planning Memos for audits
- Supervision of staff
- Preparation of various tax returns

Instructor, **York University**, (September 1996 - Present)

- Teach and lecture MBA and BBA accounting and tax classes
- Tutor MBA and BBA accounting and tax students

Junior Accountant, **Cina & Scauzillo, CAs**, (February 1992 - September 1996)

- Preparation of working papers
- Preparation of personal tax returns
- Daily accounting and bookkeeping

VOLUNTEER EXPERIENCE

Children's Liturgy, **St. Patrick's Church**, (January 1994 - Present)

- Coordinator and Teacher
- Implementation of Children's Liturgy Program at parish
- Prepare, plan and teach lessons to children weekly

Accountant, **St. Patrick's Church**, (January 1994 - Present)

- Preparation of Semi-Annual Financial Reports
- Preparation of Annual Registered Charity Information Return
- Preparation of annual T4 slips

Volunteer, **CA Tax Clinics**, (March 1996 - Present)

- Preparation of personal tax returns for elderly and low income earners

LARRY ANDRADE

Personal Data

EDUCATION

Chartered Accountant (September, 1999)

Specialized Honours, Bachelor of Business Administration (1997)
Schulich School of Business, York University, Ontario

Masters of Business Administration (2002)
Schulich School of Business, York University, Ontario

DESIGNATIONS

CA, Ontario

PROFESSIONAL ASSOCIATIONS

Institute of Chartered Accountants of Ontario

Association of Certified Fraud Examiners (Associate Member)

Canadian Institute of Chartered Business Valuators (Associate Member)

EMPLOYMENT

Associate, Rosen & Associates Limited (January 2000 – Present)

- Forensic and Litigation Accounting
- Business Valuation
- Quantification of Damages
- Litigations Support

EMPLOYMENT – CONTINUED

Audit Senior, **Arthur Andersen LLP**, (April 1997 – January 2000)

- Audit of large and small companies
- Review Engagements for large and small companies
- Due Diligence services for companies
- Compilations for small companies
- Specialization in Technology and Consumer Product companies
- Planning and Organizing audit jobs
- Supervision of audit teams
- Preparation of financial statements
- Preparation of various tax returns

Instructor, **York University**, (September 1997 – Present)

- Lecture undergraduate and graduate level financial accounting and auditing courses
- Set course curriculum, assignments and exams

Teaching Assistant, **York University**, (Sept 1994 – April 1996)

Conduct tutorials for undergraduate students

- Grade assignments

OTHER

Volunteer, **CA Tax Clinics**, (March 1998 – Present)

- Preparation of personal tax returns for elderly and low income earners

ALAN T. MAK

Personal Data

EDUCATION

Bachelor of Business Administration (*With Distinction*) (1996)
York University, Ontario

Chartered Accountant (January, 1999)

CICA In-Depth Income Tax, Levels I, II & III (July, 2000)

DESIGNATIONS

CA, Ontario

CPA, Illinois

AHKSA, Hong Kong

PROFESSIONAL ASSOCIATIONS

Institute of Chartered Accountants of Ontario

American Institute of Certified Public Accountants

Illinois CPA Society

Hong Kong Society of Accountants

Association of Certified Fraud Examiners (Associate Member)

Canadian Institute of Chartered Business Valuators (Associate Member)

EMPLOYMENT

Associate, **Rosen & Associates Limited**, (April 2000 - Present)

- Forensic Accounting
- Business Valuation
- Quantification of Damages
- Accountants' Negligence

Tax Senior, **Arthur Andersen LLP**, (Sept. 1997 - March 2000)

- International Corporate Tax
- Transfer Pricing
- Corporate Re-organizations
- Income Tax Audit Consulting

Staff Accountant, **Arthur Andersen LLP**, (Sept 1996 – Sept 1997)

- Audit and review of Canadian businesses
- Consumer products, financial services, and media/advertising industries

Instructor, **York University**, (Sept 1996 - Present)

- Lecture undergraduate and graduate level financial accounting and auditing courses
- Set course curriculum, assignments and exams

Teaching Assistant, **York University**, (Sept 1994 – April 1996)

- Conduct tutorials for undergraduate students

OTHER

Volunteer, **CA Tax Clinics**, (Mar 1996 - Present)

- Preparation of personal income tax returns for elderly & low income individuals

Contributor, **Intermediate Accounting,** Beechy & Conrod (McGraw-Hill Ryerson, Toronto, 1999)

- Prepared the glossary in Volume II of text

Contributor, **Financial Accounting and Reporting (2nd Edition),** Austin, Haskins, Ferris, Sack and Allen (McGraw-Hill Ryerson, Toronto, 1999)

- Technical review of problems and solutions in text

Contributor, **ICAO Tax Tips** (1999 – 2001)

- Contributed to tax planning solutions published by the ICAO public information service